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THE FAILURE OF THE MERCHANT MARINE ACT OF 1920

At an expense of approximately four billion dollars the United States now has a sea-going steam merchant fleet second only to Great Britain's and three times as great as that of France or Japan which stand third and fourth on the list.¹ In 1914 our flag flew over only 725,000 gross tons of steamers registered for foreign trade,² fully one half of which was engaged in essentially coastwise services to the Gulf and Caribbean or between Atlantic and Pacific ports, whereas on July 1, 1921, 10.6 million tons were so documented.³ Having become possessed of a large merchant fleet, it was generally recognized after the armistice that something must be done to keep it. The inevitable and lengthy hearings were held, and a Merchant Marine act of thirty-nine sections was finally enacted by Congress and approved by the President on June 5, 1920.⁴

In outlining the purpose of the new legislation, the preamble states "That it is necessary for the national defense and for the proper growth of its foreign and domestic commerce that the United States shall have a merchant marine of the best equipped and most suitable types of vessels sufficient to carry the greater portion of its commerce and serve as a naval and military auxiliary in time of war or national emergency, ultimately to be owned and operated privately by citizens of the United States; and it is hereby declared to be the policy of the United States to do whatever may be necessary to develop and encourage the maintenance of such a marine." More specifically the act proposes to aid our shipping (1) by restoring the policy of private ownership and operation temporarily abandoned by the war (Section 5); (2) by a loan fund to give financial assistance in the building of approved types of ships (Section 11); (3) by partial exemption from excess and war profits taxes of approved types of vessels built in American yards (Section 23); (4) by (implied) mail subsidies (Section 24); (5) by limiting special joint rail and water rates to American ships (Section 28);

¹ *Lloyd's Register*, June 30, 1920.

² *Annual Report of Commissioner of Navigation*, 1920.

³ *American Documented Sea-Going Merchant Vessels 500 Gross Tons and Over, July 1, 1921*, pp. 41, 53.

⁴ *Public Statutes*, No. 261, 66th Congress (H. R. 10,378).

(6) by making ship mortgages prior to maritime liens; and (7) by discriminating tonnage and customs duties, conditioned upon the abrogation of existing commercial treaties (Section 34).

The act has now been in force for more than a year, and performance can be placed against purpose and certain suggestions may be offered. No attempt will be made to treat many minor features of the long act or the parts, such as Section 6⁵ on which an adequate judgment can not yet be passed.

The disposal of our war-tonnage.

Our merchant marine is still predominately government owned. On July 1, 1921, the Shipping Board possessed 7.2 million gross tons of steel ships (the wooden tonnage has perhaps been finally disposed of) out of a total of 11.5 million, or 64 per cent.

Some critics blame the Board for failure to sell to American citizens 7.2 million gross tons of ships within one or two years. A fair-minded observer must admit that private companies could not possibly have absorbed so much tonnage in such a brief time. On the other hand, it is equally evident that many more ships might have been sold, and a summary of the various schemes adopted shows the indecision of the Board, which even Section 5 of the Merchant Marine act has been unable to overcome.

The first sales of government owned steel ships were announced on June 17, 1919, the prices ranging from \$210 to \$225 a deadweight ton, on terms of 25 per cent cash, 7½ per cent in six months, 7½ per cent in twelve months, and the remaining 60 per cent in installments over four years.⁶ The prices were at least \$10 to \$25 a ton above the average cost to the government, were \$30 to \$50 over the reproduction costs in American yards, and were around \$75 above what similar tonnage was bringing in Great Britain. The Board asked too much to attract the established companies and the initial payment of one half to three quarters of a million dollars was almost prohibitive for new organizations. On February 10, 1920, the Board allowed a 10 per cent deduction for ships one year old, an additional one per cent for each additional year of a vessel's life for the following five years, and 5 per cent each year thereafter, by which the price of one-year-old boats was reduced to \$180-\$203 a ton, and two-year-old boats to \$178-\$200 a ton, etc.⁷ Two weeks later (February 25), a new scheme, which was really a bare boat charter with option to purchase, was adopted. The terms of sale were 2½ per cent cash and payments at the rate of

⁵ This section provides for the establishment of necessary services.

⁶ *New York Times*, June 17, 1919.

⁷ *Journal of Commerce*, February 10, 1920.

\$8.30 a deadweight ton a month until 50 per cent of the total was paid, the remainder to be in equal installments within five years of the date of sale.⁸ The low initial payment and the opportunity to meet the various installments from earnings were expected to act as an inducement to buyers. Sales were stimulated, but the scheme was weak in that the decline in rates, which had already begun, soon made it impossible to earn the monthly payments. This situation was recognized a few weeks later (April 1) and the rate was reduced to \$5 a ton a month.⁹ Less than a month later (April 27) another plan was tentatively put forward, by which payments were to be 10 per cent in cash, 5 per cent every six months for two years, and the remainder in equal semi-annual installments over a period of 10 or 12 years.¹⁰ On May 18, an announcement was made that sales would be temporarily suspended, pending the drawing up of a new form of sale and a revision of the agreements under which private companies were operating Shipping Board tonnage. The announcement was unnecessary, as the shipping depression was proving an automatic stop to sales. In less than a year the terms of sale were radically changed five times, a procedure calculated to reduce sales to a minimum, quite apart from the question of price.

Section 5 was designed to give courage to the Board; Congress directed it to sell the war tonnage "as soon as practicable, consistent with good business methods and the objects and purposes to be attained by this act." Two months later (August 17) the basic prices were reduced to \$160-\$175 per deadweight ton for coal-burning vessels and to \$175-\$185 a ton for oil-burners.¹¹ Three days later (August 20) a 10 per cent discount for cash was allowed.¹² But the Board was behind the market. A week before the Skinner and Eddy Corporation, which built more merchant tonnage than any other American yard during our participation in the war, had sold two of its 10,400 deadweight ton steamers, exactly similar to many it had built for the Board, for \$144 a deadweight ton.¹³

The reductions were of no avail. By the middle of the summer charter rates had slumped 25 to 50 per cent from those at the beginning of the year. The companies which had bought tonnage under the earlier schemes were complaining that later concessions acted as an insurmountable handicap to them, and that anyway they could not meet their payments. New companies were not attracted into a business of

⁸ *Journal of Commerce*, February 25, 1920.

⁹ *Journal of Commerce*, April 1, 1920.

¹⁰ *Journal of Commerce*, April 27, 1920.

¹¹ *New York Times*, August 17, 1920.

¹² *New York Times*, August 20, 1920.

¹³ *Journal of Commerce*, August 10, 1920.

rapidly dwindling profits. The Board was left with its tonnage.

It is impossible to determine exactly how many government ships have been sold *permanently*. The Board's list of sales cannot be trusted because it is made up almost entirely of promises to purchase. The payment of so much a deadweight ton a month really amounted to a bare boat charter and when earnings fell off, the ships naturally were turned back to the Board. Many new companies have lately gone bankrupt and their vessels have reverted to the government. There is no way to tell whether the payments on vessels "sold" will ever be met. In perhaps a dozen cases the entire price was paid in cash. In general the sales were on paper; at one time it was announced that one hundred steel vessels had been sold to one corporation, a transaction that only the federal reserve system could handle readily as the amount involved was close to \$100,000,000.

While admitting that all the war-built and acquired tonnage could not have been disposed of within one year or within three years, the conclusion is forced upon one that the Shipping Board frittered away its best opportunities and that even the moral support of Section 5 of the Merchant Marine act was not sufficient to give it courage. It is perhaps as well. Only the present severe depression is likely to make the Board write off an equitable part of the high construction costs as a war loss which the country as a whole should bear and not a few adventurous and well-meaning companies.

The construction loan fund.

Section 11 provides "That during a period of five years from the enactment of this act the board may annually set aside out of the revenues from sales and operations a sum not exceeding \$25,000,000, to be known as its construction loan fund, to be used in aid of the construction of vessels of the best and most efficient type for the establishment and maintenance of service on steamship lines deemed desirable and necessary by the board. The board shall use such funds to the extent required upon such terms as the board may prescribe to aid persons, citizens of the United States, in the construction by them in private shipyards in the United States of the foregoing class of vessels. No aid shall be for a greater sum than two thirds of the cost of the vessel or vessels to be constructed." This section is inoperative because the Shipping Board is losing money and is likely to for the next few years. A deficit of \$513,000,000 was shown in the Board's balance sheet at the end of the fiscal year 1920.¹⁴ Later figures show a loss of \$18,925,000 from direct operations between March 1 and September 23, 1920,

¹⁴ *Fourth Annual Report of the U. S. Shipping Board*, 1920, p. 261.

without considering depreciation and overhead,¹⁵ and the recently appointed chairman has stated that current operating losses are approximately \$20,000,000 a month. The care of the idle ships alone is costing \$550,000 a month. With a world surplus of tonnage, which was plainly to be foreseen at the time of the passage of the act, few companies will be in the market for ships and the Board will have no net profits to set aside.

Exemption from excess profits taxes.

Section 23 provides that the net earnings from ships operated under the American flag may be allowed as a deduction for the purpose of ascertaining net income for taxation purposes, provided the amount so deducted be invested in approved types of ships built in American yards, two thirds of the cost of the vessel to be paid for out of the ordinary funds or capital of the company. This section has given aid not so much to shipping as to large oil companies. Up to January 1, 1921, thirty-nine vessels, totalling 453,000 deadweight tons and representing an investment of over \$75,000,000 had come under the provisions of the act. Of the total, thirty-one of 376,000 tons were tankers ordered by the large oil companies *before* the act was approved.¹⁶ So far as can be determined not a vessel has been exempted which was ordered *after* the provision became effective. The result has been that the Treasury has lost approximately \$25,000,000 and that certain companies which had already decided to spend that amount plus any taxes they might have had to pay, saved not only that amount but the taxes likewise. Little aid will be given by this section to shipping or shipbuilding in the near future; the earnings from ship operation are likely to be in red figures.

Mail subsidies.

Section 24 provides "That all mails of the United States shipped or carried on vessels shall, if practicable, be shipped or carried on American built vessels documented under the laws of the United States. . . . The Board and the Postmaster General, in aid of the development of a merchant marine adequate to provide for the maintenance and expansion of the foreign and coastwise trade of the United States and of a satisfactory postal service in connection therewith, shall from time to time determine the just and reasonable rate to be paid for such service and the Postmaster General is hereby authorized to enter into contracts within the limits of appropriations made therefor by Congress."

¹⁵ *Journal of Commerce*, January 19, 1921.

¹⁶ E. S. Gregg, "The Crux of our Shipping Problem," *Journal of Political Economy*, June, 1921, and "Vicissitudes in the Shipping Trade 1870-1920," *Quarterly Journal of Economics*, August, 1921.

The bulk of our overseas mail is now carried under the provision of the act of 1872, which allows 5 cents per ounce for first class matter and 8 cents per pound for other classes, regardless of distance. Foreign vessels receive approximately 35 cents and 4½ cents a pound (4 francs, and 50 centimes per kilogram) respectively for letters and for other mail. Four steamship companies, three to the West Indies and one to Australia, are operating by contract under the act of 1891, the rate of compensation being based upon mileage and class of vessel, the volume of mail not affecting the rate. The provisions of both of these acts are superseded by Section 24 of the Merchant Marine act and if the section is interpreted liberally by the Shipping Board and the Postmaster General, and if Congress makes the necessary appropriations, substantial aid may be given to certain lines. As yet no contract has been made under the act and Congress will have to decide the old vexing question: to what extent are the advantages of having mail carried in American ships worth subsidies?

The question of joint rail and water rates.

Section 28 provides that a common carrier can not make a special joint rail and water export rate except for American vessels. There are special export rates on grain, iron and steel products, differentials in favor of Boston, as compared with New York, and a complex rate structure to aid Southern and Pacific ports. It should be pointed out that any limiting of the differential enjoyed by various ports would not only not greatly aid shipping but would actually be destructive of foreign trade. Further, it is probable that foreign shipping companies will always cut their rates to enable them to get cargo; in the past they have always been ready to meet any reduction. And in the third place, the American steamship services, private and Shipping Board, are not adequate, nor do they, particularly the latter, give the efficient and certain services that are absolutely essential to successful foreign trade.

The Interstate Commerce Commission granted a ninety-day extension before the clause went into effect. On July 25, the chairman of the Board asked the Commission to certify a further extension to January 1, 1921, which was granted¹⁷ and also an indefinite extension on December 10.¹⁸ While Germany's experience, especially with the German Levant Line, has demonstrated that special joint rail and water rates can materially aid shipping, the situation in the United States is basically different. It would seem very unwise to try to enforce the section today.

¹⁷ *New York Times*, July 25, 1920.

¹⁸ A letter from the secretary of the Board in answer to an inquiry.

Federal ship mortgages legislation.

Investors of the United States have never been greatly attracted by shipping securities or bonds secured by mortgages on ocean-going vessels. The reasons are clear. We have had little foreign shipping during the last fifty years, and sea-going ships being subject to the legal systems of the foreign countries they touch are liable to large indebtedness for supplies and repairs acquired abroad. The maritime liens, which protect the furnisher of supplies or services abroad, have been and are superior to a mortgage on the ship. Further, ship mortgages in this country were formerly regulated by state laws, which in many cases were conflicting. Since a mortgage is not a maritime contract and since federal courts sitting in admiralty have no jurisdiction over non-maritime matters, the mortgage was left to the varying procedures of the different states for foreclosure.

But while ship mortgage bonds have been without standing in the eastern money markets, they have prestige in the Great Lakes region. Twenty years of successful experience have convinced investors in Cleveland, Detroit, and other centers of the fundamental soundness of maritime investments for inland waters. In this region the mortgage deeds of trust have been so drawn that adequate safeguards are set up against the moral hazards involved.

Section 29, designated the Ship Mortgage act, purposes by legislation to accomplish for deep-sea mortgages what the Great Lakes plan has been able to do through laborious experiments for our inland ship securities. Heretofore, repair yards and ship-supply men were protected by a maritime lien which gave them precedence over general creditors, and this is still true if the vessel contracts debts in foreign ports. A repair yard had also the right to detain a vessel upon which repairs had been made under a promissory lien until payment of the bill for repairs. The order of priority under the Merchant Marine act is (1) "preferred liens"; (2) other maritime liens, if incurred before recording, etc. of a mortgage; (3) "preferred mortgages"; and (4) all other mortgages. The "preferred liens" are for (1) torts, as distinguished from liens growing out of contracts, i.e. as for collision claims; (2) wages of stevedores, if directly employed by the vessel; (3) wages of the crew; (4) general average; and (5) salvage. All other liens arising out of contracts are inferior to these "preferred liens." The "preferred mortgages" are those made in accordance with the provisions of the act.

While the Ship Mortgage act was designed mainly to aid the Shipping Board in the disposal of its tonnage, it is capable of wider use. Court interpretations will doubtless change the meaning of some sections, but it is generally agreed that the ship mortgagee is now well

protected. The effects of the act to date are not noticeable, but should become increasingly important. Now that tonnage values are fairly stable, the greatest drawback to ship mortgage securities is that they are not well known by the investing public. If private capital and initiative are to take over the government owned tonnage, (and our shipping problem can never be solved satisfactorily unless they do) the present ship mortgage legislation should make easier the financing of the undertaking.

Discriminating tonnage and customs duties.

The United States took the first step away from the system of discriminating duties on ships and products in a commercial convention framed with Great Britain some months after the Treaty of Ghent in 1815. In 1818, under the provisions of the Navigation act of the preceding year, discriminating duties on trade with the Netherlands, Prussia, Hamburg, and Bremen were abandoned. One by one treaties of reciprocity, now numbering thirty or forty, were negotiated with all the maritime nations, and the policy initiated by the Act of March 3, 1815 was made complete.

Section 34 of the Merchant Marine act directed the President to abrogate as much of the existing commercial treaties and conventions as restrict the United States in the placing of discriminating duties. If such sections of commercial treaties are nullified two sections of the Tariff act of 1913 automatically come into effect whereby a discriminating duty of 10 per cent ad valorem is imposed against goods imported in foreign vessels and a discount of 5 per cent on all the duties imposed by the act is allowed on those articles brought in by American vessels.¹⁹

On September 24, 1920, the President declared that he would not take steps to annul the treaties.²⁰ Regardless of the constitutional questions involved in the refusal of the executive to carry out a section of an act after he had apparently approved the whole, one must applaud his decision. While existing commercial treaties are not perfect, it would be an act of folly to scrap them and begin over again with the discriminations and counter discriminations that they superseded. History shows very plainly that such methods are beneficial only when the other countries do not retaliate, which they always do. It is to be hoped that section 34 is dead beyond resuscitation.

¹⁹ Section IV J, subsections 1 and 7.

²⁰ *Journal of Commerce*, September 25, 1920.

Conclusions and suggestions.

The Merchant Marine act of 1920 misses the central point at issue: the speedy establishment of our shipping on a basis which will enable it, through private ownership and operation, to compete successfully with the fleets of other countries. It is a conglomeration of anachronisms, such as the imposition of discriminating duties; and of theoretical plans out of touch with the facts of the situation, such as the construction loan fund and the exemption from excess profits taxes. It bears marks of having been written hurriedly in a hodge-podge way and of ignoring the imminent depression in shipping, the signs of which were plainly visible at the time. The most constructive feature is the new legislation concerning ship mortgages but this presupposes a plan of action to be worked out with its aid.

How, then, shall our shipping be established on a basis which will enable it through private ownership and operation to compete with the fleets of other countries? By the courageous interpretation of section 5 to mean the sale of the emergency-built and acquired ships at \$30 to \$40 a deadweight ton when new and 5 per cent less for each year of age. This plan seems necessary because (1) shipping has paid normally an average of only 5 per cent a year; (2) the returns in the next few years are likely to be considerably less; (3) operation under the American flag is more expensive than under other registries; (4) our competitors at present have a great advantage in that their investment is much less per ship; and (5) ships now bring only \$30 to \$40 a ton in the market.

(1) In the ten years before the war over fifty representative British cargo steamship companies, which owned each year an average of 1.7 million gross tons, or over twice as much as was registered for foreign trade under our flag in 1914, distributed as dividends on their paid-up capitalization an average of 4.8 per cent. The earnings after depreciation on all the capital tied up in the business were 6.05 per cent and, if 5 per cent of the original cost of the vessels had been set aside for depreciation, the net profits for other allocation would have been reduced to 5.25 per cent. In the eight years 1906 to 1913 over twenty representative British passenger companies, which owned each year an average of 3.9 million gross tons, an amount larger than any country's total merchant fleet with the exception of Great Britain and the United States, distributed only 6.04 per cent on the paid-up capitalization.²¹ While these figures may be somewhat low since rates from 1900 to

²¹ E. S. Gregg, "The Crux of Alien Shipping Problem," *Journal of Political Economy*, June, 1921.

1911 were at the low level of a half century,²² we are faced with a shipping depression similar to that which began in 1900 and lasted to 1911.

(2) Nor will shipping, after the spectacular earnings of the war period, earn more in the near future because there are afloat 15.8 million gross tons of steamers more than the 43.1 million tons in 1913, with an additional 6.2 million tons building, and at the same time the amount of cargo moving is only four fifths as much as before the war. Heretofore, a surplus of a few hundred thousand tons of ships above the current trade requirements has been sufficient to cause a slump lasting from five to eleven years. With a third more tonnage to do four fifths as much work as in 1913, it seems impossible to escape the conclusion that shipping is facing some of the most unremunerative years it has ever known.

(3) In the past the relatively low return on shipping failed to attract much American capital into maritime enterprises—witness the 725,000 gross tons under our flag registered for foreign trade in 1914—partly because the cost of operation under American registry was higher than under other flags. American ships are today handicapped in this respect, though there are still some meticulous souls who profess to doubt the statement. Wages, which comprise nearly one sixth of the total cost (direct operating expenses, excluding port charges and agency fees which vary greatly with different routes, and 16½ per cent fixed charges as specified below) of running an ordinary 7500 deadweight ton freighter costing \$50 a ton are from 15 to 85 per cent higher for American than for foreign ships.²³ Repairs (which have to be estimated roughly and which take up about one eighth of the total) and food (one twelfth) are more expensive for our vessels because the United States is a high cost country in the main except where large scale production and distribution are possible. It is almost impossible to determine exactly the difference in each case because of fluctuating foreign exchanges.

(4) The greatest drawback, however, is in fixed charges. American companies which bought ships at around \$200 a ton find that over half of the costs of operation are fixed charges which have to be met whether the ships run or not, as compared with about 25 per cent for their competitors. In the table below, the cost of running an ordinary 7500 deadweight ton cargo vessel in the trans-Atlantic trade is divided into fixed charges and direct operating expenses. The former includes insurance, 4½ per cent; depreciation, 5 per cent, and interest on the capital tied up, 7 per cent. The latter is made up as follows: wages

²² E. S. Gregg, "Vicissitudes in the Shipping Trade, 1870-1920," *Quarterly Journal of Economics*, August, 1921.

²³ *Nautical Gazette*, May 7, 1921.

\$46,000 per year, food \$22,000, repairs \$30,000, stores \$15,000, and fuel \$110,000. These figures are necessarily estimates, but they have been checked with actual records and are fairly accurate in the aggregate. No attempt has been made to estimate port charges or administrative outlay.

COST OF OPERATING A 7,500 DWT U. S. COAL-BURNING STEAMER
IN THE TRANSATLANTIC TRADE.

Cost per DWT	Total cost	16½% fixed charges	Operating expenses	Total	% fixed charges of total
\$200	\$1,500,000	\$247,500	\$223,000	\$470,500	53
175	1,312,500	216,563	223,000	439,000	49
150	1,112,500	185,625	223,000	408,625	45
125	937,500	154,688	223,000	377,688	41
100	750,000	123,750	223,000	346,750	36
75	562,500	92,813	223,000	315,813	30
50	375,000	61,875	223,000	284,875	22
25	187,500	30,938	223,000	253,938	12

If an American steamer must earn \$200,000 a year for fixed charges as against \$90,000 for its competitors, it can not successfully compete in ordinary times.

The British steamship companies mentioned above paid less than \$35 a deadweight ton for their steamers before the war. While the ships bought in the last few years have increased their average, that average today is certainly not more than \$50 a ton. Individual companies are better off: the Empire Transport Company, Ltd., which has a fleet totalling over 100,000 deadweight tons, carries its vessels on the books at \$11 a ton.²⁴

It does not seem possible that American yards in the near future will be able to build as cheaply as their competitors. Shipbuilding from year to year is of insufficient volume to justify mass production. The argument that the per unit cost in our yards is less than in Britain, because ships are turned out more rapidly on this side of the Atlantic, is bunkum from the shipowner's standpoint. A premium on speed of output has occurred less than half a dozen times in fifty years and only twice in the last twenty years: during the Boer war and the late war.

(5) Tonnage values are at pre-war levels. An ordinary 7,500 to 10,000 deadweight ton cargo vessel could be purchased for approximately \$35 a ton before the war; a 9,250 deadweight ton ship, not yet completed by a British yard, has been sold for £9 4s. a ton, which equals \$35 with sterling converted at \$3.70. Two small vessels have been disposed of at \$42 a ton, ships of small sizes generally bringing a slightly higher price per ton because more costly to build. The passenger ves-

²⁴ *Nauticus*, December 11, 1920.

sel *Cap Polonio*, 19,500 gross tons, practically new and of desirable size and type, a star ship in the South American service of the Hamburg South American Line, brought only £7 14s. a gross ton at a recent sale, or \$28. The table below gives details of characteristic ship sales as reported by *Fairplay* from July 14 to August 11, 1921. Sterling is converted at \$3.70.

SHIP SALES

Ship	Gross	Dead-weight	Year Built	Sold by	Bought by	Price per Deadweight Ton	
						Sterling	Dollars
Marsal (Nor.)	—	2,550	1921	A/S Nordsjoen, Christiania	John Harrison, Ltd.	£11 8s.	42
Mascot (Br.)	1,820	3,100	1921	—	—	11 6	42
Brann (Nor.)	1,830	3,050	1914	Skibs, A/S Braat, Ghent	Russians	10 10	39
Friedrichsruh (Br.)	8,332	7,480	1905	Shipping Controller	—	9 14	37
(Building)	—	9,250	1921	Furness S. B. Co.	Sota y Aznar, Bilbao	9 4	34
Mapelmore (Br.)	4,330	7,350	1916	Johnson Line, Ltd.	—	8 4	30
Neath Abbey (Br.)	1,945	3,150	1907	Melrose Abbey Shipping Co.	Russians	7 18	29
Tintern Abbey (Br.)	1,809	3,150	1909	Melrose Abbey Shipping Co.	Russians	7 18	29
¹ Cap Polonio (Br.) ²	19,500	9,500	1914	Shipping Controller	Hamburg S. American S. Co.	7 14 ²	28 ²
Betzdorf (Br.)	2,135	4,000	1920	Shipping Controller	—	7 10	28
Weilburg (Br.)	2,135	4,000	1920	Shipping Controller	—	7 10	28
¹ Orotava (Br.)	2,064	3,140	1921	Shipping Controller	—	6 16	25
¹ Sesostris (Br.)	7,228	11,700	1915	Shipping Controller	Dutch	6 12	24
¹ Danzig (Br.)	4,080	5,600	1920	Shipping Controller	—	6 12	24
¹ Amasis (Br.)	7,224	11,850	1914	Shipping Controller	Sota y Aznar Bilbao	5 10	20
¹ Schwarzenfels (Br.)	8,325	12,300	1915	Shipping Controller	Nitrate Producers S. S. Co.	5 2	19
¹ Bremen (Br.) ²	11,540	10,200	1896	Shipping Controller	—	4 6 ²	16 ²
Akenside (Br.)	2,425	4,300	1904	Quayside Shipping Co.	Greeks	4 2	15
¹ Schwaben (Br.)	5,098	8,000	1906	Shipping Controller	W. R. Smith & Sons, Cardiff	3 12	13
Huntscastle (Br.)	5,528	6,900	1902	—	—	2 4	8
General Degoutte (Belg.)	3,534	5,750	1899	Soc. Maritime Bdge., Ghent	Greeks	2 4	8

¹ Ex-German.² Passenger vessel, price per gross ton.

If the government owned tonnage is sold for \$30 to \$40 a ton when new, the disadvantage in the costs of operation will largely be overcome and the burden of supporting through taxation the continuing losses of the Shipping Board will be obviated. The ships will eventually have to be disposed of at around this figure after years of cumulative deficits. It is wiser to stop the drain upon the Treasury as soon as possible. Furthermore, instead of giving aid to particular companies, as is the case with mail subsidies, partial exemption from taxes, etc., this method would come nearer distributing the assistance equally. Every fair minded observer admits that a large part of the four billion dollars spent by the government for ships should be written off as war cost. As the President said in his recent message before Congress, "In the emergency of war we have constructed a tonnage equalling our largest expectations. Its war cost must be discounted to the actual values of peace and the large difference charged to war emergency." The "actual values of peace" are around \$35 a deadweight ton. If our government owned ships are disposed of at this figure, we may continue to keep what ships we need. If a less direct method is tried, slow and expensive failure seems inevitable.

However, upon analysis it is evident that all of our war-built ships should not, in the interest of economy and of a well-rounded merchant fleet, be maintained. The principal types may be divided as follows:²⁵

SHIPPING BOARD TONNAGE—BY TYPES.

	Millions of gross tons	Percentage of total
Cargo, 7,000 to 10,000 DWT...	2.7	38
Cargo, 10,000 DWT and over..	1.6	22
Cargo, under 5,000 DWT.....	1.1	16
Cargo, 5,000 to 7,000 DWT....	0.6	8
Passenger	0.6	8
Tankers	0.6	8
Total	7.2	100

In the first place, there are too many steamers under 5,000 dead-weight tons. In May, nearly half of the number of vessels tied up were of this size.²⁶ These vessels are better adapted for use in the restricted waters of the Baltic, North Sea, and Mediterranean than in American waters with the exception of a few dozen in Gulf and Carib-

²⁵ The totals are approximate. Percentages given in the *Shipping Board Register of Ships*, May 1, 1921, were applied to data referred to in note 3. Passenger vessels under 10,000 gross tons were included as cargo. The wooden vessels are taken as sold, according to the recent announcement.

²⁶ *Journal of Commerce*, May 31, 1921.

bean services. And they are not especially fitted for European coastal service, because they draw too much water. They were built broad-waisted and of deep draft to secure a maximum cargo capacity on the short length that could be brought from the Lakes to the Atlantic. If, after Americans have purchased the few that they need, foreigners will not buy all of them, those unsold should be scrapped. It has been costing the Board, on an average, \$757 a month to care for an idle ship, and there are over 300 small ones idle!

In the second place, there are too many cargo carriers between 7,000 and 10,000 tons. Vessels of this size and type are fitted mainly for tramp service. After many trying and expensive experiences, we may eventually succeed in becoming operators of regular cargo line services, but we should face the fact that our national economy unfits us for tramp ship operators. Consequently, many of the large tramps should be disposed of on the most advantageous terms which general condition and sound business practice will permit.

The other classes mentioned above seem more adapted to our needs. At present very few of the medium sized ships are tied up. Tankers we need in increasing numbers, as we shall have to depend more on overseas sources for our oil supplies. There are many intangible and collateral benefits derived from the maintenance of passenger services, which we can not well forego.

But the discussion so far has not taken account of the fact that approximately one fourth of the world's tonnage is unemployed, and that scarcely a ship in service is making a profit, with the exception of motorships and liners in established services protected by conference agreements. What should be done with the Board's tonnage while the depression lasts is a different question from what should be done eventually. It is obviously true that only a few of the 1,450 government owned vessels could be sold today at around \$30 a ton. What should be done with the rest while the depression lasts?

The answer is efficient operation which can at least minimize, if not eliminate the large losses. Where is the privately owned steamship company that can make a profit in dull times when its crews are fed on grape fruit and heart of lettuce salad with mayonnaise dressing? Or whose ships are left in obscure ports for months without orders? Or whose foreign agents, acting also for competitors, favor the latter? Or whose directors believe that low-priced, ignorant employees are the most efficient? The Shipping Board is the largest enterprise of its kind in the world; even the Peninsular and Oriental Steamship Company, the largest private combination, owns or controls only one fourth the total tonnage of our government fleet, and its organization has been built up through generations. The best talent of the country, at what-

ever price, would be a good investment for the Board. But second to efficient administration and operation is the problem of interesting and training private operators who must be relied on to take over the ships from the government. Many citizens who are unfamiliar with ships must be attracted to their operation if the seven million tons are to be transferred to private ownership. But those who are unacquainted with ships are not efficient operators. The solution of this dilemma is not clear. In either case, it calls to mind an old-fashioned snipe hunt with the taxpayer holding the bag out in the illimitable darkness.

The present operating agreements are on the basis of a fee for every ship handled, plus a small percentage of the gross receipts, a method which does not give incentive to efficiency. There is a premium on getting cargo, but not on lowering expenses. If new operators are not paid well enough they will not become interested in ships, and if they are paid regardless of efficiency the government suffers doubly.

The ideal solution would be a bare boat charter, with all the burdens of operation borne by the operator, but this is impractical today because a rate of even five cents a deadweight ton a month will not allow a profit commensurate with the risks taken. If the present plans of letting out the ships on this basis are carried out, we may look for the American flag to disappear from nearly every important trade route. It is doubtful if 100 ships could be chartered today at five cents a ton a month. The use of the proposed bare boat charter plan would be equivalent to pulling in our ships from the routes where they have begun to establish themselves at the very time when our competitors are making every effort to get control. To keep our ships going in most of the present trades will cost money even with the most efficient operation, but not so much as if we abandoned everything built up in the last three years. Having committed ourselves so far, it will be cheaper to carry on than to pull in all our lines.

These suggestions are offered for what they are worth. There is much opinion in them, which some may think is not justified either by the facts or by common sense. But if intelligent discussion is provoked, something will have been accomplished. Economists are strangely silent on this question which approaches that of naval disarmament in importance for the taxpayer.

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CYCLES OF STRIKES

There are two aspects to economic dynamics: one, the rhythmic movements of the business cycle; the other, economic evolution. The relation between economic evolution and the increasing tendency toward industrial strife has a voluminous literature. It is the purpose of this article to point out the effect of the cyclical movements of industry on strikes.

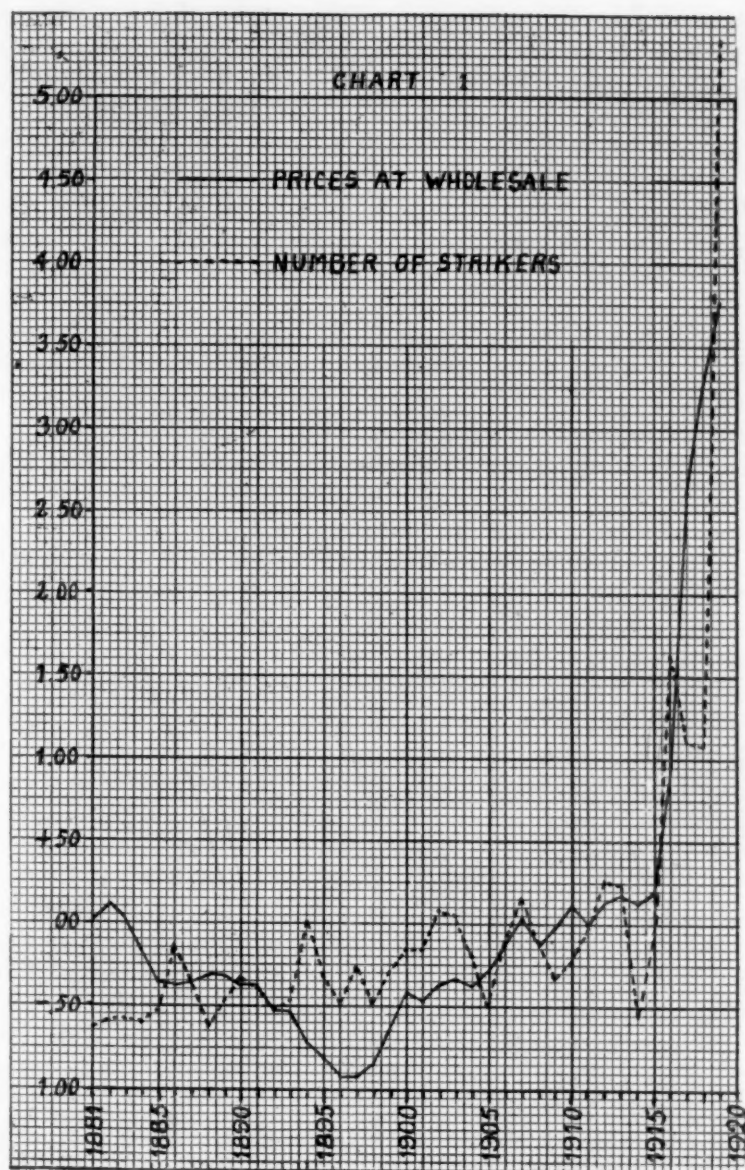
This study covers the period 1881-1919. The strike data for the years 1881-1905 were taken from the *Twenty-first Annual Report of the Commissioner of Labor*. No general strike statistics are available for the United States for the years 1906-1914, and for these years Canadian strike statistics were made use of to indicate the general movement of strikes. The figures for this period may be found in the *Labour Gazette*, February, 1917, p. 111. The Canadian figures are for the number of employees affected by both strikes and lockouts. In 1915 the Bureau of Labor Statistics began to publish data pertaining to strikes in the United States and has continued to do so since. The figures for the years 1915-1919 are taken from the *Monthly Labor Review* for April, 1916, April, 1917, and June, 1920.¹ In the first issue of the *Review* a limited amount of strike data are given for the year 1914 but no satisfactory figures are given for "number of strikers."

The price relatives used are the index numbers of the Aldrich report and of the Bureau of Labor Statistics.

The actual figures for the number of strikers for each year were reduced to index numbers by using the figures for 1901-1905 as the base. The nine year gap in the American figures was filled in with Canadian index numbers, the number of Canadian strikers for 1901-1905 being again used as the base. In this manner the Canadian relatives for the years 1906-1914 were adjusted to the American relatives. In order to compare the strike relatives with the price relatives the two sets of index numbers were reduced to a comparable basis by constructing new index numbers using for each series its standard deviation as the base. The resulting relatives are plotted in Chart 1 and the figures may be found in Table I.

Two types of movements may be observed from the chart, the long-run, secular movements and the short-run, cyclical movements. It will be noticed that the long-run, secular trends of the two curves move in opposite directions from 1881 to 1897. While the secular trend of the

¹ The figures for "number of strikers" for 1915-1919 are an understatement of the facts. The number of persons involved was reported for only 64 per cent of the strikes occurring in these years.



strike series is upward, the long-run trend of prices is downward. On the other hand from 1898 to 1919 the secular trends of the two curves are in the same direction. If now the short-run, cyclical fluctuations are observed, it becomes evident that the oscillations do not seem to correspond for the falling price period, while for the rising price period

the correspondence is considerable. This suggests that the comparison of the two series may be facilitated by splitting the period under consideration into two parts, one the period of falling prices from 1881 to 1897, the other the period of rising prices from 1898 to 1919.

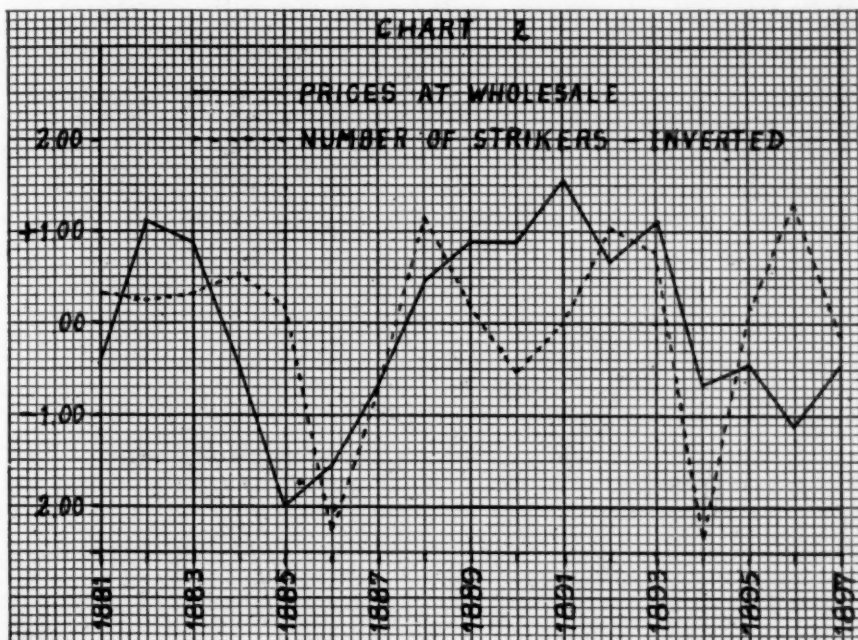
It may be assumed as a working hypothesis that the cyclical movement of strikes will not be the same in a period in which the secular trend of prices is downward as it is in a period in which the secular trend of prices is upward. In the period of long-run falling prices labor is on the defensive. A disproportionate part of the struggle of labor is directed against the reduction of wages, the lengthening of hours, and the worsening of conditions generally. With regard to wages, especially, labor is battling to hold what it has already gained. Now it is apparent that the greatest pressure in the direction of reduction of wages will be applied in periods of business depression. It therefore follows that in a period in which the secular trend of prices is downward the struggle between labor and capital may be expected to become most severe and the number of strikers greatest in the years of depression. It may be noted as a matter of fact that the percentage of strikes against reduction of wages was twice as great in the depression years of 1883-85 and 1893-97 as in the relatively prosperous years of 1881-82 and 1886-92.

On the other hand when the general trend of prices is upward we may expect to find labor becoming aggressive. Employers are no longer trying to reduce wages; they are endeavoring to prevent wage increases. Thus we find that the percentage of strikes against reduction of wages for the rising price years of 1899 to 1905 was less than one-fifth as great as the percentage of strikes against reduction in the depression years of the falling price period. When the general trend of prices is upward and the cost of living is mounting labor cannot afford to be satisfied with a defensive struggle to retain what it has already secured. It must take the offensive. The struggle between labor and capital now becomes most bitter in the years of prosperity. For this there are two reasons: first, it is in the prosperous years that prices and living costs rise; and second, the large profits accruing in years of prosperity give rise to a contest over its distribution.

If the foregoing hypothesis is correct we may expect: (1) that the fluctuations in the number of strikers will correlate inversely with the business cycle when the secular trend of prices is downward, (2) that the fluctuations in the number of strikers will correlate directly with the business cycle when the secular trend of prices is upward.

An effort was made to verify the above hypothesis. Consider first the period 1881-1897 during which the secular trend of prices was downward. In order to compare the cyclical fluctuations of strikes and

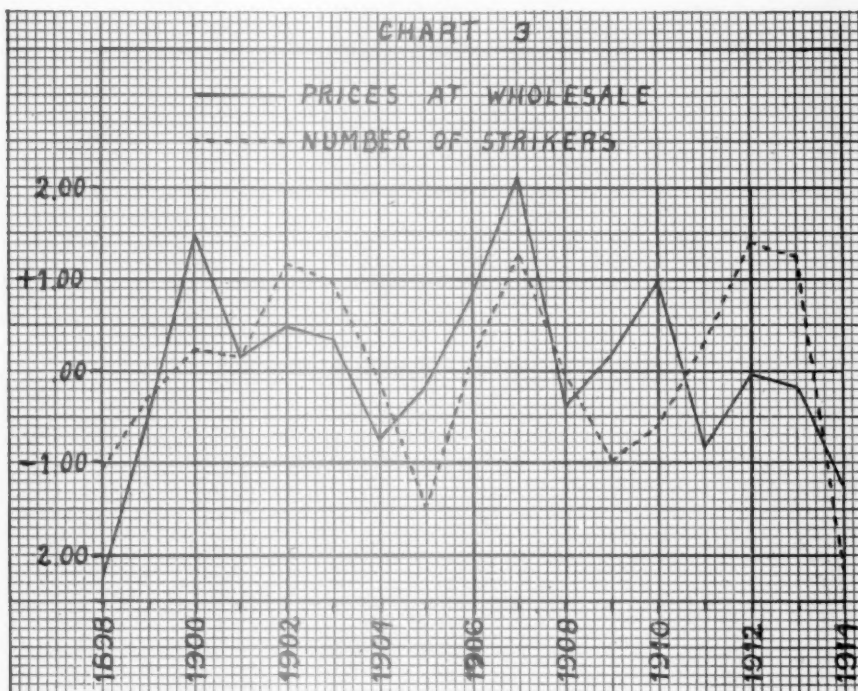
prices it was necessary to eliminate the secular trends. This was done by the method of moments. The resulting figures were thrown into relatives by using the standard deviations of each series as the base. The index numbers thus obtained may be found in Table I. The relatives are plotted together in Chart 2. It should be noted that the strike series is inverted.



The price series is assumed to be representative of the movements of the business cycle. What then is the relation between the oscillations of strikes and the fluctuations of prices and the business cycle? It will be observed that some correlation quite clearly obtains between the two series. The correlation is inverse since the signs have been reversed in plotting the strike series. To test the correlation further the Pearsonian coefficient was calculated. The coefficient is $-.938$. It must be admitted that this is not an entirely convincing coefficient. The evidence is sufficient, however, to point to the conclusion that in falling price periods strike movements tend to increase in periods of depression and to decrease in periods of prosperity.

Consider now the rising price period from 1898 to 1919. The tremendous increase in both prices and strike activity during the war years was of course abnormal. The period from 1898 to 1914 can therefore be analysed to greater advantage by itself, apart from the

war years. The secular trends for the curves were eliminated by finding the lines of regression by the method of moments. The resulting relatives were reduced to comparable figures by dividing the deviations from the average of each series by its respective standard deviation. The results are given in Table I and the curves are plotted in Chart 3. A considerable degree of direct correlation is evident. The Pearsonian coefficient is $+.494$. The conclusion is further substantiated by the fact that the tremendous increase in prices and prosperity during the war years brought a corresponding increase in strike activity.



The hypothesis outlined above therefore appears to be borne out to a considerable extent by the facts. Strikes correlate inversely with the business cycle in periods of long-run falling prices, while they correlate directly with the business cycle in periods of long-run rising prices.

TABLE I

	Price Relatives 1881-1919	Strike Relatives 1881-1919	Price Relatives 1881-1897	Strike Relatives 1881-1897	Price Relatives 1898-1914	Strike Relatives 1898-1914
1881	+ .02	— .61	— .44	— .32		
1882	+ .11	— .58	+ 1.11	— .25		
1883	+ .02	— .58	+ .89	— .32		
1884	— .17	— .58	— .44	— .53		
1885	— .36	— .52	— 2.00	— .18		
1886	— .38	— .13	— 1.56	+ 2.28		
1887	— .36	— .34	— .67	+ .74		
1888	— .32	— .61	+ .44	— 1.16		
1889	— .32	— .45	+ .89	— .18		
1890	— .38	— .32	+ .89	+ .53		
1891	— .38	— .39	+ 1.56	.00		
1892	— .53	— .51	+ .67	— 1.02		
1893	— .53	— .46	+ 1.11	— .77		
1894	— .72	+ .02	— .67	+ 2.35		
1895	— .81	— .32	— .44	— .07		
1896	— .92	— .48	— 1.11	— 1.30		
1897	— .92	— .25	— .44	+ .14		
1898	— .85	— .48			— 2.24	— 1.09
1899	— .64	— .29			— .50	— .31
1900	— .41	— .15			+ 1.47	+ .23
1901	— .47	— .15			+ .14	+ .15
1902	— .38	+ .10			+ .47	+ 1.15
1903	— .34	+ .06			+ .33	+ .96
1904	— .38	— .18			— .76	— .13
1905	— .28	— .49			— .19	— 1.50
1906	— .13	— .10			+ .83	+ .14
1907	+ .04	+ .18			+ 2.10	+ 1.24
1908	— .13	— .11			— .40	— .04
1909	— .02	— .32			+ .17	— .98
1910	+ .11	— .22			+ .97	— .60
1911	.00	+ .01			— .85	+ .31
1912	+ .13	+ .27			— .05	+ 1.39
1913	+ .17	+ .25			— .19	+ 1.23
1914	+ .13	— .55			— 1.27	— 2.17
1915	+ .19	— .04				
1916	+ .94	+ 1.65				
1917	+ 2.61	+ 1.12				
1918	+ 3.25	+ 1.10				
1919	+ 3.76	+ 5.39				

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THE COST OF LIVING AS A FACTOR IN RECENT WAGE ADJUSTMENTS IN THE BOOK AND JOB BRANCH OF THE CHICAGO PRINTING INDUSTRY

NOTE: The author acted as consulting statistician for the Franklin-Division of the Franklin-Typothetae of Chicago during the various wage adjustments of 1919-1921. He desires it to be understood that any opinions expressed reflect his own views and are not in any way to be identified with those of the Franklin-Division.

The adjustment of wages in American industry during both the period of price inflation due to war causes and the more recent period of price deflation has been a difficult problem. The varying purchasing power of the dollar has been responsible for considerable of the industrial unrest with which industry has had to deal.

In a current article in the *International Labour Review*, which reviews experience with the adjustment of wages to the cost of living in various countries from 1914-1921, the statement is made that "in the United States relatively few examples exist of the automatic adjustment of wages to the cost of living."¹

In this connection, the experience of the book and job branch of the printing industry in Chicago with the adjustment of wages to the cost of living during these trying years of extreme price fluctuations is of interest because it involved the adjustment of fixed wage scales in long time contracts between employing printers and various printing trade unions. Furthermore, it covered a period, 1916-1921, during which there was a steady increase in the cost of living up to June, 1920, followed by a substantial decrease.

The cost-of-living principle which was the basis for these adjustments has of late been subject to severe criticism. The Executive Council of the American Federation of Labor reported at the 1921 Convention at Denver, Colorado, in part as follows:

The practice of fixing wages solely on a basis of the cost of living is a violation of the whole philosophy of progress and civilization and, furthermore, is a violation of sound economic theory and is utterly without logic or scientific support of any kind.²

The purpose of this article is not to defend the use of the cost-of-living principle as a factor in wage adjustments, but simply to describe how it worked out as a basis for stabilizing the workman's dollar in one industry when it was actually put to the test.

Book and job printing is an important Chicago industry. Next to New York, Chicago is the largest printing center in the United States.

¹ *International Labour Review*, July-August, 1921, p. 164, published by International Labour Office, League of Nations, Geneva.

² *The American Pressman*, August, 1921, p. 22. (Journal of the International Pressmen and Press Assistants' Union.)

Those employers in the book and job branch of the printing industry of Chicago who deal with unions control approximately 55 to 60 per cent of the production. They employ upwards of 3,500 compositors, 1,800 pressmen, 2,400 feeders, 1,000 bookbinders, and several hundred bindery women totalling somewhere between 9,000 and 10,000 employees. The annual mechanical payroll in 1919 amounted to \$10,000,000 or over.³ The annual value of product has been estimated at over \$30,000,000.⁴

A majority of the employers who deal with the unions are members of the Franklin-Division of the Franklin-Typothetae of Chicago, an employing printers' organization subsidiary to the Franklin-Typothetae, the parent body or trade organization.⁵ It is through this Franklin-Division that the printing trade unions have negotiated their contracts for the past six years.⁶

The printing trade unions with which the employing printers usually deal are the Typographical Union which embraces in its membership composing room employees, those who set type either by hand or machine; the Pressmen's Union which is made up of those pressroom employees who make ready and operate the printing presses; the Press Assistants' or "Feeders'" Union which includes those pressroom employees who feed the paper into the presses; and the Bookbinders' Union which embraces in its membership the forwarders, finishers, cutters and other skilled employees in the bindery.⁷ The nature of the work of compositors and pressmen especially is such that it requires a high degree of skill and intelligence. Some of the operations in the bindery also come under this category. As a rule a large percentage of the employees in the different mechanical departments of printing establishments are of American stock or at least were born in the United States. The high level of intelligence among printing trades employees and the common racial background with their employers are factors

³ *Transcript of Arbitration Proceedings. Franklin-Division of the Franklin-Typothetae of Chicago vs. Typographical Union No. 16, Pressmen's Union No. 3, Franklin Union No. 4, Bookbinders & Paper Cutters' Union No. 8, Chicago, April 18, 1921, p. 16.*

⁴ 60 per cent of 1914 U. S. Census of Manufactures figures for Chicago.

⁵ The Typothetae Division, which is composed of employing printers who maintain open shops, also is subsidiary to the parent body. By this form of organization it is possible for employing printers who differ fundamentally on methods of labor control to get together on common ground in the parent body which confines its activities to the improvement of business methods and the development of high trade standards.

⁶ The Franklin-Division was organized in 1915 and superseded the Chicago Employing Printers Association which had previously dealt with the unions for several years.

⁷ The bindery women frequently have a separate local union. This is the case in Chicago.

which should be borne in mind in an examination of the collective bargaining process.

In 1916 the Franklin-Division of the Franklin-Typothetae of Chicago entered into five-year contracts with Typographical Union No. 16, Pressmen's Union No. 3, and Franklin Union No. 4, the Feeders' Union, which were to expire in the fall of 1921. At the same time a three-year contract was entered into with Bookbinders' and Paper Cutters' Union No. 8, which through renewals also came to extend over the same five-year period.

According to these contracts the base scale for day work per week for the Typographical Union was set at \$25.00 until May 1, 1919, when it was to become \$26.00, this wage to continue until the expiration of the contract in 1921; the base scale for the Pressmen's Union was set at \$26.00 until June 1, 1919, when it was to become \$27.00, this to continue until the expiration of the contract in 1921; the base scale for the Feeders' Union was set at \$18.50 to continue until the expiration of the contract in 1921; and the base scale of the Bookbinders' Union was set at \$22.00 until October 1, 1918, when it was to become \$23.00, continuing until the expiration of the contract in the fall of 1919.⁸

These scales were set after several months of preliminary negotiation between the different unions and the Franklin-Division and as will be observed from the data in Table 1 resulted in an increase of \$1.00 in the basic scale of each union. The scales set were among the highest existing in any printing center at the time. It is quite evident from the fact that long time contracts were entered into at a relatively small increase in basic wage scales that neither the employers nor the unions anticipated the fluctuations in the purchasing power of the dollar which were to follow. It should be noted that the differential between the base wage scales of the Pressmen's and the Feeders' Union was \$7.50. This differential was based on difference in skill and responsibility in the two pressroom occupations. It is also important to note that the base scale of the Feeders was considerably lower than that of the Compositors and Bookbinders.

A year passed during which the cost of living rose perceptibly in Chicago as in other industrial centers. Whereas the family budget index number according to the U. S. Bureau of Labor Statistics in December, 1916 for Chicago was 119.5 on a 1914 base, in December, 1917 it had risen to 141.8.⁹ The employers felt the first reaction from the increase in the cost of living from the Feeders' Union—the union with the lowest scale. Its officials requested a conference with the scale com-

⁸ *Transcript of Arbitration Proceedings*, etc. April 18, 1921, pp. 61-66.

⁹ U. S. Bureau of Labor Statistics, *Monthly Labor Review*, July, 1921, p. 106.

TABLE 1.—NOVEMBER 1916 WAGE ADJUSTMENT (NEW CONTRACTS)

	Previous wage	Wage increase	Total wage	Wage index number 1916 base	Cost of living index number 1916 base	Purchasing power of 1916 contract wage dollar
Typographical Union No. 16.....	\$24.00	\$1.00	\$25.00	100	100 ¹	\$1.00
Printing Pressmen's Union No. 3.	25.00	1.00	26.00	100	100	1.00
Franklin Union (Feeders) No. 4	17.50	1.00	18.50	100	100	1.00
Bookbinders' and Paper Cutters' Union No. 8 (Edition Binders)	21.00	1.00	22.00	100	100	1.00

¹ U. S. Bureau of Labor Statistics, family budget index number of December, 1916, for Chicago was 119.5 on a 1914 base of 100. This index number is given the value of 100 on a December 1916 base in the above table.

mittee of the Franklin-Division early in December, 1917, at which a demand was made for a \$5.00 increase. The employers while they were protected by the 1916 contract, in consideration of the upward trend of prices made a counter offer of a \$1.00 increase. Without waiting for further negotiations, although a date for another conference in a few days had been set, the Feeders resorted to "direct action" and struck illegally. They returned to work almost immediately, however, as the employers proposed a war bonus of \$2.50 which they accepted.¹⁰ Thus by "direct action" the Feeders forced the employers to increase their wages \$1.50 over the original offer of \$1.00.

The Franklin-Division having granted a war bonus to the Feeders proceeded within the next week to grant similar war bonuses of \$2.50 to the other unions. The change in the various wage scales through the granting of the war bonuses is shown in Table 2. In this first adjustment of the original contract scales no systematic method of securing reliable cost-of-living data as a basis was followed. The war bonus of \$2.50 was a compromise between the Feeders' demand for \$5.00 backed up by "direct action" and the employers' original offer of \$1.00. Considering the fact that \$2.50 was more representative of the actual 18 per cent increase in the cost of living between 1916 and 1917 in Chicago measured in Feeders' wages than either the Feeders' demands or the employers' offer, it was a reasonable amount for both sides to finally compromise upon. Moreover, since the Feeders had been given a war bonus, it was sound business policy to grant similar bonuses to the other unions.

The cost of living continued to rise and a few months after the em-

¹⁰ *Before the National War Labor Board, Chicago Franklin Union No. 4 of the I. P. P. & A. U. vs. Franklin Division of the Franklin-Typothetae of Chicago, Docket No. 105. Argument and Statement of Facts in Opposition to the Demand of the Chicago Franklin Union No. 4 for a Wage Increase of \$5.00 per Week. Levy Mayer of Counsel, Chicago, August 26, 1918, pp. 4-5.*

TABLE 2.—DECEMBER 1917 WAGE ADJUSTMENT

	Previous wage	Wage increase	Total wage	Wage index number 1916 base	Cost of living index number 1916 base	Purchasing power of 1916 contract wage dollar
Typographical Union No. 16....	\$25.00	\$2.50	\$27.50	110.0	118.6 ¹	\$.927
Printing Pressmen's Union No. 3	26.00	2.50	28.50	109.6	118.6	.924
Franklin Union (Feeders) No. 4	18.50	2.50	21.00	113.5	118.6	.957
Bookbinders' and Paper Cutters' Union No. 8 (Edition Binders)	22.00	2.50	24.50	111.3	118.6	.938

¹ U. S. Bureau of Labor Statistics, family budget index number of December 1917 for Chicago was 141.8 on a 1914 base of 100. The index number in the table is 141.8, transferred from a 1914 to a 1916 base.

ployers had adjusted wages in May, 1918, newly elected officials of the Feeders' Union waited on the Franklin-Division with an ultimatum of a \$5.00 increase in wages or strike. The scale committee of the Franklin-Division in view of the illegal strike of the Feeders, the previous December, refused to yield to their demands and on June 3 the Feeders struck illegally for the second time. After a strike of ten days the Feeders returned to work under an arrangement by which the adjustment of the difficulty was left to the National War Labor Board, if a satisfactory agreement with the employers could not be reached within three days.¹¹

Failing of settlement locally by the parties to the controversy the case came up before the War Labor Board during the summer months and the Board rendered a decision on September 27, 1918, in part as follows:

The Board finds that the index of the Bureau of Labor Statistics for cost of living in Chicago, Illinois, shows percentage increase since the date of the wage adjustment between the parties to this controversy in December, 1917, is 16.2 per cent and the award following is based solely upon this consideration.

1.—Wages. The wages of all members of Franklin Union No. 4 of the International Printing Pressmen and Assistants' Union employed by the Franklin-Division of the Franklin-Typothetae of Chicago shall be increased by the sum of three dollars and fifty cents (\$3.50) per week.

2.—Retroactive Pay. This award shall be retroactive to the date upon which the individual members of Franklin Union No. 4 returned to work following the submission of this case to the National War Labor Board on June 12, 1918.

* * * * *

4.—Period of Award. The rates herein fixed, except as changed by minor readjustments, shall remain in force during the war; provided, however, that on the first day of February, 1919, and at the end of each six months' period thereafter, should conditions materially change, making a readjust-

¹¹ *Ibid.*, p. 6-14.

ment by this Board equitable, application may be made to the Board by either party.¹²

* * * * *

By this decision the Feeders received a second war bonus amounting to \$3.50 which the National War Labor Board arrived at by comparing the U. S. Bureau of Labor Statistics family budget index number of 141.8 for Chicago for December, 1917 with the index number for August, 1918, which was 164.9. The increase of 16.2 per cent on the 1917 base was applied to the Feeders' wages of \$21.00 as adjusted in December, 1917 and the amount obtained, \$3.50, awarded as an additional cost-of-living war bonus retroactive to June 12, 1918.¹³

No sooner had the award in the Feeders' case been handed down than the other unions requested that the employers grant them additional war bonuses also. After a series of conferences substantial bonuses were given the compositors and pressmen effective October 21, 1918 which closely approximated the 16 per cent increase in the cost of living used in adjusting the Feeders' wages. The Binders were also granted a bonus retroactive to July 25, 1918. As in the case of the previous war bonuses it will be observed that the granting of these bonuses was brought about by "direct action" on the part of the Feeders. The wage adjustments of 1918 are shown in detail in Table 3:

TABLE 3.—JUNE TO OCTOBER WAGE ADJUSTMENT, 1918

	Previous wage	Wage increase	Total wage	Wage index number 1916 base	Cost of living index number 1916 base	Purchasing power of 1916 contract wage dollar
Typographical Union No. 16....	\$27.50	\$5.00	\$32.50	130.0	138. ¹	\$.942
Printing Pressmen's Union No. 3	28.50	5.00	33.50	128.8	138.	.933
Franklin Union (Feeders) No. 4	21.00	3.50	24.50	132.4	138.	.959
Bookbinders' and Paper Cutters' Union No. 8 (Edition Binders)	24.50	3.50	28.00	127.2	138.	.921

¹ U. S. Bureau of Labor Statistics, family budget index number of August 1918 for Chicago was 164.9 on a 1914 base of 100. This figure for August 1918 was especially prepared by the U. S. Bureau of Labor Statistics for the War Labor Board. The index number in the table is 164.9, transferred from a 1914 to a 1916 base.

The upward trend of prices continued. In January, 1919, the Feeders met with their employers to request another readjustment of wages, on the basis of the award of the National War Labor Board,

¹² National War Labor Board, *Docket 105, Finding in re Franklin Union No. 4 vs. Franklin-Division of the Franklin-Typothetae of Chicago.*

¹³ *Before the National War Labor Board, Docket No. 105. Appeal from the Examiner's Interpretation of the Award of September 27, 1918.* Levy Mayer of Counsel, Chicago, October 9, 1918. P. 3.

which provided that at intervals of six months during the war, either party might appeal to the board for a readjustment of wages if conditions had been materially changed. While the armistice had been signed the previous November, the Feeders claimed that technically the war was not over and the War Labor Board still had jurisdiction. The request of the Feeders was followed by a joint communication signed by the Compositors, Pressmen, Feeders and Bookbinders, referring to the War Labor Board award and asking for an increase in wages.

A series of conferences followed between the scale committee of the Franklin-Division and the joint scale committee of the four unions, which resulted in the drafting of a supplemental agreement of February 3, 1919 to the 1916 contracts, which bound all the parties to the agreement to "jointly and separately live up to all the terms and conditions set forth therein."¹⁴ Under this agreement, the Compositors,' Pressmen's and Bookbinders' Unions each received an increase of \$3.50 a week and the Feeders an increase of \$4.00 a week. The supplemental agreement provided that there should be no more wage adjustments during the life of the different contracts, in the following language:

It is further agreed that this agreement shall be in force and remain in effect for the full period of the existing contract, and there shall be no further changes in the matter of hours of labor or rate of compensation during the remaining period of the existing contracts.¹⁵

The wage adjustment of February 3, 1919, differed from previous adjustments in that the Feeders for the first time secured a wage increase through constitutional processes. They did not resort to direct action tactics as they had done in the past. Where previously the Feeders had secured increases which had led to the granting of war bonuses to the other unions, on this occasion through concerted action the unions brought about all adjustments at one and the same time. By entering into a joint agreement the Compositors, Pressmen and Binders virtually underwrote the Feeders thereby guaranteeing the employers protection against "direct action." The increase in the cost of living, approximately 5 per cent since the last adjustments, was an important factor in determining the wage increases granted. Also a factor of weight was the agreement of the various unions not to ask for any further wage increases during the life of the various contracts. The wage adjustments of February 3, 1919 are shown in detail in Table 4. Since a wage increase at a specified date provided for in the 1916 contracts of some of the unions was absorbed in the cost-of-living adjustment at the nearest specified date to that on which the contract

¹⁴ *Transcript of Arbitration Proceedings, etc.*, April 18, 1921, pp. 72-82.

¹⁵ *Ibid.*, p. 79.

wage increase was due, in Table 4 and in the tables that follow, allowance has been made in each case in computing the wage index number, for the increase provided by original contract, in terms of the purchasing power of the 1916 dollar at each date.

TABLE 4.—FEBRUARY 3, 1919, WAGE ADJUSTMENT

	Previous Wage	Wage increase	Total wage	Wage index num- ber 1916 base	Cost of living index number 1916 base	Purchasing power of 1916 contract wage dollar
Typographical Union No. 16....	\$32.50	\$3.50	\$36.00	144.0	144.1 ¹	\$.999
Printing Pressmen's Union No. 3	33.50	3.50	37.00	142.3	144.1	.987
Franklin Union (Feeders) No. 4	24.50	4.00	28.50	154.0	144.1	1.068
Bookbinders' and Paper Cutters' Union No. 8 (Edition Binders)	28.00	3.50	31.50	136.6 ¹	144.1	.947

¹ In this table and in the tables that follow in computing the wage index number of the Bookbinders, allowance has been made for the dollar increase as of October 1, 1918, already provided for in the 1916 contract.

² U. S. Bureau of Labor Statistics, family budget index number of December 1918 for Chicago was 172.2 on a 1914 base of 100. This index number in the table is 172.2 transferred from a 1914 to a 1916 base.

The trend of prices continued upward. In the early summer of 1919, the unions were making joint demands upon the employers for another cost-of-living wage adjustment—this in spite of the fact that they had agreed only five months before not to ask for further wage increases during the life of the various contracts. Possibly in making demands at this time, the unions were taking full advantage of their strategic position. The Chicago printing industry was beginning to recover from the slump which it had experienced prior to and during the war. The employers were running their plants full capacity, consequently they desired to avoid labor troubles as much as possible. In making their demands, the unions were evidently governed more by their strategic position than by the actual increase of 2 per cent in the cost of living since the last adjustments. The Compositors asked for an increase of \$12.00 a week, or 33-1/3 per cent over their existing wages, the Pressmen \$11.00 or 29.7 per cent, the Feeders \$15.50 or 54.4 per cent and the Bookbinders \$23.50 or 74.6 per cent. Three weeks of heated conferences followed between the scale committee of the Franklin-Division and the joint scale committee of the different unions. The employers refused flatly to consider the exorbitant demands of the unions but finally agreed to adjust wages once more on the basis of changes in the cost of living.

For the first time both sides were represented by statisticians. The unions at first attempted to base their case on the increase in wholesale prices for the United States as a whole from 1914 to date, using

the United States Bureau of Labor Statistics wholesale price index number of 202 on a 1913 base of 100. They finally agreed to use retail prices as the basis for the adjustment and the statisticians for both sides were in accord that the United States Bureau of Labor Statistics family budget index number for Chicago was the most accurate available. The Bureau reported that the index number for Chicago for June, 1919 as compared with the December, 1914 base of 100 was 174.47. The employers in turn agreed to apply this index number to the 1914 wage of each union and increase the existing wages by amounts necessary to equal the wages which would be obtained if the 1914 wages for the different unions were multiplied by 174.47. This method was finally adopted in working out the adjustments except that at the request of the union representatives, the total cost-of-living increase to which the unions were entitled was distributed in such a way that the lower paid employees received a larger increase than the higher paid. As the actual cost-of-living computations showed that each union was entitled to an average spread increase of \$4.91, and as three of the unions were granted a \$5.00 increase and one of the unions a \$5.50 increase, the employers gave the unions at this time an average spread of 21½ cents more than the cost-of-living figures showed.¹⁶ The employers insisted, moreover, that a definite method of wage adjustments at stated intervals be provided for the remaining duration of the 1916 contracts. They recognized the futility of expecting an immediate period of price stabilization, but they desired to get away from the haphazard methods of adjusting wages to changes in the cost of living, which they had hitherto followed, and to arrange for future wage adjustments, if any, at certain specified intervals.

As a result a supplemental agreement was entered into between the Franklin-Division and the various unions under date of August 25, 1919, which contained an automatic cost-of-living adjustment clause providing for the adjustment of wages upwards or downwards at intervals of six months during the duration of the different contracts, if the cost-of-living figures for Chicago, reported by the United States Bureau of Labor Statistics showed a change of 5 per cent in either direction. Under no condition were the base wage scales set forth in the supplemental agreement to be reduced. The method of wage adjustment was specifically stated in the supplemental agreement as follows:

Unless it can be shown by the cost-of-living figures of the United States Department of Labor, Bureau of Statistics, that during the six months' period from the date this contract is effective, and at intervals of six months thereafter, the cost of living has increased 5 per cent or more, then and then only shall the officers of the unions herein represented have the right

¹⁶ *Transcript of Arbitration Proceedings, etc.*, April 18, 1921, pp. 123-130.

to ask for a further readjustment for the wage scales herein set forth, provided, that the percentage of increase shall apply only to the 1914 scales, the same basis as has been used to work out present scales, as embodied in this agreement, and, further provided, that should the cost of living for one of the six months' periods decrease by an amount equal to or exceeding the increases, then any increases above the amount now granted in this agreement may be decreased in the same proportion, provided that no figures shall reduce the scales below those set forth in this agreement.¹⁷

The wage adjustments of August 25, 1919, are shown in detail in Table 5.¹⁸

TABLE 5.—AUGUST 25, 1919, WAGE ADJUSTMENT

	Previous wage	Wage increase	Total wage	Wage index number 1916 base	Cost of living index number 1916 base	Purchasing power of 1916 contract wage dollar
Typographical Union No. 16....	\$36.00	\$5.00	\$41.00	158.1 ¹	146 ²	\$1.082
Printing Pressmen's Union No. 3	37.00	5.00	42.00	155.9 ¹	146	1.067
Franklin Union (Feeders) No. 4	28.50	5.50	34.00	183.7	146	1.258
Bookbinders' and Paper Cutters' Union No. 8 (Edition Binders)	31.50	5.00	36.50	159.2	146	1.090

¹ In this table and in the tables that follow allowance has been made in computing the wage index numbers for the Compositors and Pressmen, for the dollar increase already provided for as of May 1 for the one union and June 1, 1919, for the other in their 1916 contracts.

² U. S. Bureau of Labor Statistics, family budget index number of June 1919 for Chicago was 174.5 on a 1914 base of 100. This index number in the table is 174.5, transferred from a 1914 to a 1916 base.

The trend of the cost of living continued upward. As the date of expiration of the first six months' period provided for in the August 25, 1919, agreement approached, it was quite evident that the unions would have grounds for asking for another wage adjustment as the cost of living had meanwhile increased more than 5 per cent on the 1914 base. Early in February, 1920, the scale committee of the Franklin-Division held conferences with the joint scale committee of the different unions to determine under the cost-of-living clause of the August 25, 1919, supplemental agreement just what the new adjustments in wages were to be. Much of the tenseness and heated argument which were so characteristic of former conferences of this kind was lacking. Both sides had assembled at a specified time to adjust wages by a specified method on the basis of specified data. Statisticians were employed by both sides and it was jointly agreed that the best available United States Bureau of Labor Statistics cost-of-living data at that time were the retail food prices for Chicago as of January 15, 1920, which the

¹⁷ Supplemental Agreement to the Supplemental Agreement of February 3, 1919 to the Original Contracts.

¹⁸ At this time the contract with the Bookbinders was extended for one year.

U. S. Bureau of Labor Statistics reported as being 97 per cent higher than in 1914. On the basis of the 97 per cent figure, and following the same practice as previously requested by the unions—the lower paid receiving a larger proportion than the higher paid—a flat average spread increase of \$5.00 was granted to the various crafts. This was not following the method exactly which was prescribed by contract, but the departure was by mutual agreement. By this method, the actual cost-of-living computation showed that each union was entitled to an average spread increase of \$4.93. The employers settled by granting each union a \$5.00 increase. A supplemental agreement was entered into between the employers and the various unions jointly, which provided for the new wage adjustment and incorporated in detail a description of the statistical method which had been used in working out the adjustment. Because it is unusual a portion of this supplemental agreement is reproduced below:

It is hereby mutually agreed by all parties that, according to the best United States Bureau of Labor Statistics figures available to our statisticians, as provided in the supplemental contract, the increased cost of living shown by these figures for the period from June 15, 1919 to January 15, 1920, on a 1914 base shows an increase of 22.53 which percentage of increase is to be applied to the 1914 scale of wages of the above named unions according to their original contracts, which are now in full force and effect in determining the scale of wages effective February 25, 1920.

It is mutually agreed by the parties above mentioned that in lieu of the percentage increase shown above applied to the 1914 scale of each union, a flat increase of \$5.00 per week shall be applied to the scale of journeymen of each of the four unions.

* * * * *

It is further understood and agreed that the increase on the basic wage effective on and after February 25, 1920 is based and granted on the United States Bureau of Labor Statistics retail food cost-of-living figures which show the increase on January 15, 1920 over December, 1914, for Chicago to be 97 per cent or 22.53 points over 74.47 per cent, the United States Bureau of Labor Statistics cost-of-living family budget figures used in the Wage Adjustment of August 25, 1919 and which showed the increase in the cost of living measured by the family budget, from December, 1914 to June, 1919. It is understood that the cost-of-living figure used in this wage adjustment is 97 per cent on a 1914 base.¹⁹

The wage adjustments of February 25, 1920 are shown in detail in Table 6.

On August 25, 1920, another six months period of rising prices had elapsed, and again a wage adjustment was arrived at which became effective as of that date and which was incorporated in still another supplementary agreement. On this occasion the statisticians representing

¹⁹ *Supplemental Agreement to Supplemental Agreement of August 25, 1919, effective February 25, 1920.*

TABLE 6.—FEBRUARY 25, 1920, WAGE ADJUSTMENT

	Previous wage	Wage increase	Total wage	Wage index number 1916 base	Cost of living index number 1916 base	Purchasing power of 1916 contract wage dollar
Typographical Union No. 16....	\$41.00	\$5.00	\$46.00	177.2	167.8 ¹	\$1.056
Printing Pressmen's Union No. 3	42.00	5.00	47.00	174.3	167.8	1.088
Franklin Union (Feeders) No. 4	34.00	5.00	39.00	210.8	167.8	1.256
Bookbinders' and Paper Cutters' Union No. 8 (Edition Binders)	36.50	5.00	41.50	181.0	167.8	1.078

¹ U. S. Bureau of Labor Statistics, family budget index number of December 1919 for Chicago was 200.6 on a 1914 base of 100. The index number in the table is 200.6, transferred from a 1914 to a 1916 base. This December 1919 figure was not available at the time the wage adjustment occurred, but is used here as showing the actual status of the cost of living at that date.

both sides reported that the best available United States Bureau of Labor Statistics data on cost of living for Chicago were the complete family budget figures reported as of June 15, 1920. The union representatives agreed that these were the best figures available and as they showed an increase of 114.6 per cent over the 1914 base, the wage adjustment at this time was arrived at through the use of this figure. In addition, an increase of 3 per cent on the 1914 base was allowed the unions because the United States Bureau of Labor Statistics had rendered a belated report on the cost of living in Chicago as measured by the complete family budget as of December 15, 1919, which gave a figure of 100.6 per cent as compared with 1914. Since a figure of 97 per cent had been used in the February, 1920, adjustment, the employers made allowance during the ensuing six months' period, for the discrepancy of 3 per cent when the August, 1920 adjustments were worked out.

In terms of dollars and cents, the actual cost-of-living computations for the six months' period under consideration showed that each union was entitled to an average spread increase of \$3.85. The employers added 65 cents to the \$3.85 when they took into account the 3 per cent discrepancy of the preceding six months' period. This made \$4.50. In response to the appeal of the union representatives that the trend of the cost of living was still upward, the employers added 50 cents more, making a total of \$5.00 average spread increase granted to each union. These wage increases were incorporated in another joint supplemental agreement. While the cost-of-living figures were used as a basis for this adjustment, the fact that the employers granted an average spread of 50 cents more than the figure required, is evidence that the unions used the bargaining power which they possessed at the time

to secure an increase over and above what the terms of their agreement provided for.²⁰

The wage adjustments of August 25, 1920, are shown in detail in Table 7:²¹

TABLE 7.—AUGUST 25, 1920 WAGE ADJUSTMENT

	Previous wage	Wage increase	Total wage	Wage index number 1916 base	Cost of living index number 1916 base	Purchasing power of 1916 contract wage dollar
Typographical Union No. 16....	\$46.00	\$5.00	\$51.00	196.8	179.6 ¹	\$1.095
Printing Pressmen's Union No. 3	47.00	5.00	52.00	193.0	179.6	1.075
Franklin Union (Feeders) No. 4	39.00	5.00	44.00	237.8	179.6	1.324
Bookbinders' and Paper Cutters' Union No. 8 (Edition Binders)	41.50	5.00	46.50	203.2	179.6	1.131

¹ U. S. Bureau of Labor Statistics, family budget index number of June 1920 for Chicago was 214.6 on a 1914 base of 100. The index number in the table is 214.6, transferred from a 1914 to a 1916 base.

During the next six months period, August 25, 1920, to February 25, 1921, for the first time the trend of prices was downward. On the first of February, 1921, the scale committee of the Franklin-Division at a conference with the joint scale committee of the various unions, asked for a readjustment of wages downward, in accordance with the terms of the supplemental agreement of August 25, 1919. From the employers' point of view, this was the first test of the principle underlying the agreement for the adjustment of wages downward as well as upward. The statistician representing the employers introduced the United States Bureau of Labor Statistics figures which showed that the complete family budget, cost-of-living figures for Chicago as reported for December 15, 1920, evidenced a decrease from the family budget figures of 114.6 per cent for June, 1920, which was used for the basis for the August, 1920, adjustment, to 93.3 per cent for December 15, 1920, over the 1914 base. Following the statistical method, which was previously used, he showed that the employers were entitled to a flat average spread decrease of \$4.65 effective February 25, 1921.²²

The unions this time had engaged the services of an economist from a near-by university to represent them as statistician. He agreed that the cost-of-living figures introduced by the employers' statistician were the most complete and accurate available. He then introduced charts to show that wages always lag behind prices during periods of price inflation and that while the employers had adjusted wages on the basis of increases in the cost of living at specified periods, the unions had

²⁰ *Transcript of Arbitration Proceedings*, etc., April 18, 1921, pp. 170-175.

²¹ At this time the Bookbinders extended their contract for six months.

²² *Transcript of Arbitration Proceedings*, etc., April 19, 1921, pp. 231-232.

had to carry the burden of increasing prices between the dates of the readjustments. The unions used this statistical presentation as a basis for an argument that wages should remain unchanged for the next six months period to compensate for what they had lost in purchasing power of wages between the periods of wage adjustments. The employers in turn maintained that a certain amount of lag was inevitable in the adjustment of wages upward, but that the same lag would appear in an adjustment of wages downward. That is, since wages were to be readjusted downward at specific periods, the unions would get the benefit of the drop in the cost of living during any period preceding the date of adjustment.

Unable to move the employers with the lag argument, the statistician for the unions retired. The unions then tried to pick a technical flaw in the wording of the cost-of-living clause in the August 25, 1919, supplemental agreement. They attempted to twist the wording of this clause to show that the employers were not entitled to a wage reduction as of February 25, 1920, because the employers had asked for an average spread reduction of \$4.65 which was less than the last average spread increase of \$5.00.

After several weeks of argument with almost daily conferences, which at times threatened to end in a declaration of open warfare, at a joint session lasting from one noon until 6 o'clock the next morning, it was decided to settle the controversy by arbitration under terms of an arbitration agreement which were finally acceptable to both sides. This agreement was entered into under date of March 17, 1921. An arbitration board was set up with the dean of a well-known school of commerce as the impartial chairman. The position taken by the employers before this arbitration board, is shown by the following abstracts from their brief:

The employers, who constitute the plaintiff in this proceeding, submit that the construction of this clause of the contract as above outlined, is abundantly sustained not only by the broad purpose for which it was inserted, the testimony of witnesses who drafted and submitted the contract, but furthermore, by the method of its application in the granting of the two increases of wages which took place between August 25, 1919, and February 25, 1921. If this is not the only sensible and intelligent construction of this clause, the employers are at a loss to understand what such construction can be. The clause, as said before, was framed by the employers who certainly are the best qualified to state what its intent was. Furthermore, the evidence stands uncontradicted in the record that the Unions clearly so understood the meaning of this clause during the whole period since August 25, 1919. What caused the Unions to contend otherwise on or about February 25, 1921, is no mystery. It is revealed in the decline in the cost-of-living figures reported by the United States Department of Labor in December, 1920, which if applied as the contract says it must be ap-

plied, would result in a reduction in the wages of these four major Unions, as above indicated.

It was only, however, when the Unions came face to face with a situation clearly covered in the contract pointing to a reduction in the wages that they suddenly became imbued with a mysterious ambiguity and confusion in its terms.

* * * * *

The very conditions under which most contracts of this character are drafted, and particularly the one in controversy here, make impossible the exercise of the same degree of care as is found in the drafting of contracts in ordinary commercial affairs. They are usually drafted and signed under pressure and without the assistance of experienced and competent draftsmen, and it is never conceived that said contracts will be subjected to the excessive technical scrutiny which is employed in the consideration of ordinary commercial agreements.

They are intended simply to embody a broad basic principle of adjustment of acute controversies and when they have accomplished this they have served the only purpose for which they are formed. In this very contract of August 25, 1919, the evidence shows that it was signed on a hot summer's night, or, rather at 2 o'clock in the morning on August 25, 1919. For four or five weeks prior to this time there had been many protracted and more or less bitter negotiations, and finally, when everybody was almost at the point of exhaustion, an agreement embodying the suggestions, first of this side and then of the other side, was thrown together and when presented to the joint body was signed with a great sense of relief.

There was no difference of opinion at that time, however, either upon the part of the employers or of the Unions, as to what was the fundamental intent and purpose of the clause in question.²³

In presenting their case the employers introduced witnesses and a series of charts which traced step by step the statistical method followed in the wage adjustments from 1916 on.

The case for the unions was presented by economic counsel from a well known private statistical organization of Washington, D. C. The counsel did not stress the wording of the cost-of-living clause as a basis for his argument, but built up his case on the "lag" principle to which reference has been made. He also set up a hypothetical family budget as a measure for a fair wage, and emphasized the importance of remuneration for skill.²⁴

On May 5, 1921, the arbitration board handed down a unanimous decision to the effect that there should be an average spread reduction

²³ *Before an Arbitration Board Franklin-Division of the Franklin-Typothetas of Chicago vs. Typographical Union No. 16, Pressmen's Union No. 3, Franklin Union No. 4, Bookbinders' and Paper Cutters' Union No. 8, Brief and argument for reduction in Wages in accordance with Supplemental Agreement of August 25, 1919.* Chester Arthur Legg, Attorney, F. H. Bird, Consulting Statistician, Chicago, April 20, 1921, pp. 23-26.

²⁴ *Transcript of Arbitration Proceedings, etc., April 22-23, 1921, pp. 822-890.*

in the basic scales of wages of the various unions of \$4.35 a week. The board stated that, if it had based its award strictly on the terms of the different agreements, the reduction on the basis of the cost-of-living figures would have been \$4.65. It did, however, make an allowance of an average spread of 30 cents a week to compensate for lost purchasing power in wages during the periods of rising prices due to the fact that wages were adjusted each time on the basis of a cost-of-living index number for a date ten weeks earlier. In arriving at this 30 cents, due allowance was made for the over payments of the employers at the different periods over and above what the cost-of-living figures required.

The board disposed of the "lag" principle upon which the unions had based most of their claim that wages should not be reduced, in the following language:

The present application of the contract of 1919 would, therefore, require an average reduction of \$4.65, in the absence of strong considerations to the contrary. Are there any such considerations?

(5) It has been urged that the previous adjustments made every six months under the agreement of 1919 were not proper and adequate, that the employees did not get all they were entitled to under such previous adjustments, and that, therefore, wages ought not now to be reduced.

This argument was developed at length by counsel for the Unions. It rests upon the assumption that there has been a "lag" between the wage advances and the cost of living. That is, it is argued that wages were advanced only once every six months, whereas the level of commodity prices was advancing regularly day by day. Therefore, it was urged that this so-called "lag" should now be compensated by maintaining wages at the present level.

The Board has given careful and earnest attention to this argument. We find that the so-called lag naturally divides itself into parts; first, the six months' period, during which wages remain fixed, while prices may be fluctuating either upwards or downwards; second, the ten weeks period between the date of the wage adjustments (in February or August) and the date for which the index number is announced (as of December 15 or June 15).

The Board does not feel that any importance can be attached, for purposes of this decision, to the six months' period. It rests this decision upon the following grounds:

(a) It was not contemplated by the agreement of 1919 that wages would always correspond to the penny with the cost of living. This is shown by the fact that the agreement provides there shall be no readjustment of wages whatever, at the expiration of the six months' periods, unless the cost of living has increased or decreased by at least 5 per cent.

(b) Such a "lag," if any exists, cannot be definitely ascertained, computed, or measured, since the Department of Labor announces the index figure only once every six months.

(c) Such a theory could be admitted, only if it could work both ways. But it is evident that if, during any six months' periods, the cost of living

should go down rather than up, the theory could not be applied. For wages would remain at the same point for the six months' period, even though the cost of living declines. Thus, the employer would have paid wages to the employees during the period, in excess of the cost of living.

But there is no way by which this overpayment could be recouped to the employer. The employees could not be compelled to dig down into their own pockets to make this up to the employer. Nor would it be feasible to reimburse the employer by permitting him to reduce wages, for the succeeding six months, to a point lower than would be justified by the cost of living figure. To do this would lower and undermine the employees' standard of life.

Obviously, the lag theory, insofar as it concerns the six months interval between wage adjustments, could not apply both ways. It could not work when living costs are going down. Therefore, it is inadmissible.

(6) However, the Board is inclined to attach some importance to the ten-week period, between the dates of the various semi-annual wage adjustments, and the dates to which the cost of living figures apply. During each of these ten-week periods referred to, that is, from December 15 to February 25, 1920, and from June 15 to August 25, 1920, wages were being paid based on the index number for the previous six months' period. Therefore, it may be said that the wage adjustments did not completely compensate the employees for the increased cost of living.

This was through no intent nor design upon the part of anyone. It was the natural and inevitable result of the fact that the wage adjustments were made ten weeks later than the date to which the index number applied. True, this arrangement, including the date of the semi-annual adjustments, was made by mutual agreement. But it was probably not anticipated, in 1919, that the increase in the cost of living would be so marked, nor so rapid. Ordinarily, this "lag" during a ten-week period might not prove important. But in 1919 and 1920 prices were rising rapidly.²⁵

It will be observed that by resorting to arbitration the employers finally obtained a substantial wage reduction under the cost-of-living adjustment clause in the August 25, 1919 supplemental agreement, but not until two months after it was due. Furthermore the reduction was based on the December, 1920, Chicago family budget index number of 193.3 which by May, 1921 had dropped to 178.4.²⁶ Whereas during the periods of adjustment of wages upward the employers admitted their obligations to the unions promptly and without question, when a period arrived during which the unions were under obligations to the employers they attempted to ignore their contractual obligations but did finally agree to a settlement through arbitration. In the last

²⁵ *Decision of the Arbitration Board, Ralph E. Heilman, Chairman, Franklin Division of Franklin-Typothetae of Chicago vs. Typographical Union No. 16, Printing Pressmen's Union No. 3, Franklin Union No. 4, Bookbinders' and Paper Cutters' Union No. 8, May 5, 1921, pp. 6-9.*

²⁶ U. S. Bureau of Labor Statistics, *Monthly Labor Review*, July, 1921, p. 106. By September, 1921 the index number had dropped to 175.3. U. S. Bureau of Labor Statistics, *Advance Sheet No. 1245*, released October 24, 1921.

analysis, however, wage adjustments both upward and downward on the basis of changes in the cost of living were accomplished in accordance with the provisions of the cost-of-living clause of August 25, 1919 supplemental agreement.

The wage adjustments brought about by the decision of the arbitration board effective for a period of six months from May 5, 1921 are shown in detail in Table 8:

TABLE 8.—MAY 5, 1921, WAGE ADJUSTMENT

	Previous wage	Wage decrease	Total wage	Wage index number 1916 base	Cost of living index number 1916 base ¹	Purchasing power of 1916 contract wage dollar
Typographical Union No. 16....	\$51.00	\$4.35	\$46.65	180.6	149.2 ¹	\$1.210
Printing Pressmen's Union No. 3	52.00	4.35	47.65	177.3	149.2	1.188
Franklin Union (Feeders) No. 4	44.00	4.35	39.65	214.3	149.2	1.430
Bookbinders' and Paper Cutters' Union No. 8 (Edition Binders)	46.50	4.35	42.15	184.8	149.2	1.238

¹ U. S. Bureau of Labor Statistics, family budget index number of May 1921 for Chicago was 178.4 on a 1914 base of 100. The index number in the table is 178.4, transferred from a 1914 to a 1916 base.

A summary table follows which reviews the effect of the different wage adjustments, from November, 1916 to May 5, 1921, on the purchasing power of the 1916 contract wage dollar of each union at the date of each adjustment. It will be observed that as a result of the different adjustments the 1916 contract wage dollar of the Typographical Union had a purchasing power on May 5, 1921, of \$1.21; of the Pressmen's Union \$1.188; of the Feeder's Union \$1.430; of the Binder's Union \$1.238. While the purchasing power of the 1916 contract wage dollar at the dates of the 1917 and 1918 adjustments was in the neighborhood of 93 to 95 cents for the various unions, it was brought up approximately to par by the February 5, 1919, adjustment and from then on it was above par at the different dates of adjustments. It should be also observed that from February 5, 1919, on, the purchasing power of the Feeders' 1916 contract wage dollar increased much more at the different dates of adjustment than did that of the other unions. Eventually the differential between the wages of Pressmen and Feeders will have to be increased, as the cost-of-living adjustments have brought the wages of semi-skilled Feeders too close to the highly skilled Pressmen.

From an analysis of the summary table, the conclusion is reached that during the five year period 1916-1921 taken as a whole, a period of rapid upward price movement followed by a downward trend, the purchasing power of the 1916 wage contract dollar of the various unions maintained an unusual degree of stabilization.

TABLE 9.—COST OF LIVING WAGE ADJUSTMENTS BETWEEN THE FRANKLIN DIVISION OF THE FRANKLIN TYPOTHETAE OF CHICAGO AND VARIOUS PRINTING TRADE UNIONS, 1916-1921.

Dates of wage adjustments	Compositors			Pressmen			Feeders			Binders		
	Wage index number 1916 base	Cost of living index number 1916 base ²	Purchasing power of 1916 tract wage dollar	Wage index number 1916 base	Cost of living index number 1916 base ²	Purchasing power of 1916 tract wage dollar	Wage index number 1916 base	Cost of living index number 1916 base ²	Purchasing power of 1916 tract wage dollar	Wage index number 1916 base	Cost of living index number 1916 base ²	Purchasing power of 1916 tract wage dollar
November 1916	100	100	\$1.00	100	100	\$1.00	100	100	\$1.00	100	100	\$1.00
December 1917	110	118.6 ^a	\$.927	109.6	118.6	\$.924	113.5	118.6	\$.957	111.3	118.6	\$.938
June-October 1918	130	138 ^b	\$.943	128.8	138	\$.933	132.4	138	\$.959	127.2	138	\$.921
February 3, 1919	144	144.1 ^c	\$.999	142.3	144.1	\$.987	154	144.1	\$1.068	136.6	144.1	\$.947
August 25, 1919	158.1	146 ^d	\$1.082	155.9	146	\$1.067	183.7	146	\$1.258	159.2	146	\$1.09
February 25, 1920	177.2	167.8 ^e	\$1.056	174.3	167.8	\$1.038	210.8	167.8	\$1.256	181	167.8	\$1.078
August 25, 1920	196.8	179.5 ^f	\$1.095	193	179.5	\$1.075	237.8	179.5	\$1.324	203.2	179.5	\$1.131
May 5, 1921	180.6	149.2 ^g	\$1.21	177.3	149.2	\$1.188	214.3	149.2	\$1.43	184.8	149.2	\$1.238

¹ Beginning with August 25, 1919, allowance has been made in computing the wage index numbers for the compositors and pressmen, for the one dollar increase provided for as of May 1, 1919 for the one union and June 1, 1919 for the other in their 1916 contracts. Beginning with Feb. 3, 1919, a similar allowance has been made for the one dollar increase of the bookbinders provided for Oct. 1, 1918, in their 1916 contract.

² The cost of living index numbers in the table are the Chicago family budget figures of the U. S. Bureau of Labor Statistics transferred from their 1914 base to a 1916 base. The figures used were the government figures as of ^a Dec. 1917, ^b Aug. 1918, ^c Dec. 1918, ^d June 1919, ^e Dec. 1919, ^f June 1920, ^g May 1921. Although the arbitration award of May 5, 1921 was based on the cost-of-living figure of December 1920 the wage decrease awarded was not retroactive and took effect as of May 5. The cost-of-living figure for that date has accordingly been used in the above table.

During the first two years of the period the wage adjustments were brought about by "direct action" on the part of a union made up of the lowest paid and the least skilled, who felt most the pressure of the increasing cost of living. The other unions in turn profited. Then followed a period of government regulation which ended in the employers and the union finally themselves adopting a method by which through constitutional processes wage adjustments were made at specified times according to a specified statistical method on the basis of specified cost-of-living data. For government regulation was substituted government coöperation in the prompt furnishing of reliable cost-of-living data.

As a result of the cost-of-living wage adjustment clause inserted in the August 25, 1919, *Supplemental Agreement*, practically continuous production was obtained at a time when the demand for printing was enabling employing printers to get back on their feet again financially after several years of rather slack business and making it possible for them to grant substantial increases in wages.

It was a time when other industries were experiencing expensive shut-downs because of labor trouble principally due to the depreciation of the purchasing power of money wages. Cessation of production during this period would have been costly to both employers and employees in the Chicago printing industry. They succeeded, however, in stabilizing conditions by substituting for "rule of thumb" collective bargaining, a more accurate method based on a process of investigation of the facts at specified intervals. True, when the facts showed that the employers were entitled to a reduction in wages the unions resisted, but they eventually capitulated when the facts were reviewed by an arbitration board.

What will happen in the Chicago printing industry when the five year contracts expire in November, 1921, it is impossible to predict. The employers are under pressure to produce at lower costs. This the unions must recognize.

While collective bargaining wherever it exists is fundamentally the pitting of the economic power of organized employers against that of organized employees, if it is possible to base the bargain on the investigation and acknowledgment of facts on an issue such as changes in the cost of living, why is it not possible to follow the same method in approaching the production issue?

In the past, American trade unionism has made its bargain with employers to a large extent on the basis of getting what it had power to get regardless of the effect on the employers. This program of expediency and opportunism undoubtedly has obtained results. But can not farsighted union leaders see that there is a limit to which they can

force employers in their continual drive for higher wages and shorter hours without consideration of their production problems?

No system of wage adjustment can be successful over a period of time unless it recognizes the fundamental principle of payment for results. One reason for the open shop movement in the United States is the protest of employers against restriction of output with its excessive cost of production. Would it not be a constructive step on the part of trade union leaders to permit the adoption of production standards as part of the collective bargaining process, these standards to be arrived at on the basis of investigation of scientific production methods? The old slogan of a "fair day's work for a fair day's pay" is after all the nub of what ought to be accomplished through collective bargaining and what could be accomplished if the parties to the bargain adopted the right approach.

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THE ECONOMIC BASIS FOR BUSINESS REGULATION

I. *The tendency to combination.*

The phrase "affected with a public interest" appears very commonly in American court opinions; out of it arise the controls of business, both quasi-public and private, that constitute the state's protection of the economic interests of the public. These forms of prescription are necessary because of economic illness. We cannot here discuss the symptoms which lead to the administering of one rather than another form of legal surveillance; it must be sufficient to point out that both prices and standards of service are regulated. But it may be noted that public utility regulations are positive and compulsory and regulations of private business merely negative and prohibitive. The phrase is the statement of a business condition in which it seems necessary for the state to protect the interests of consumers.

There are those who do not concur that this economic regulation is really remedial; they justify their dissent on the grounds that business is more prosperous and that the interests of consumers are sufficiently protected by competition. And when it is pointed out that in many businesses competition is not present as a matter of fact, they still contend that potential competition is a sufficient safeguard, that if prices rise too high or service standards sink too low, some one will perceive these conditions and offer better service at the old price or equal service at a lower price and that this will always happen. It is a kind of law.

But it would seem plain enough that only under conditions of perfectly free competition will producers allow the actual market supply of goods and services to coincide with the supply it is possible to bring into the market.

For the present we may identify "producers" with "sellers" for the producer must also dispose of his goods and become a seller; and it is in his selling and not his producing nature that those traits are found which make it necessary to institute controls that favor the consumers of his products. In his rôle as a seller he exhibits a set of dispositions entirely inutile—perhaps even pernicious—to him as a producer; so that the situation is covered, however disagreeable its implied ethics may be, by saying that the whole interest of sellers, as sellers only, is in the highest possible net profit. While he is actuated by purely acquisitive motives it is the constant effort of the business manager to control supply so that he may control one of the elements of the price equilibrium.

If the business manager in his rôle as salesman is able to dominate his business organization so that its policy is directed toward the control of supply; and if it does actually restrict supply, even in the

slightest degree, the normal result is that the price rises and profits are greater. It will be objected that there is a limit to this and that the business may find its sales so restricted by the higher price that its profits are reduced instead of augmented; this of course may happen, but it may not; and the fact that a business has the power to experiment thus with the machinery of the market is sufficient indication of the need of control. Furthermore, it is just this limitation of the supply of necessities that may cause the great harm to the public interest. It may be true that the business gained nothing from the restriction of the supply; but this fact does not absolve it from the charge of having harmed the public interest if it has reduced the supply of those things upon which people depend for their sustenance and happiness. So that even the most orthodox *laissez faire* believer, who would trust fully to the benevolence of freely competing forces and who feels that economic justice is to be expected to eventuate most often from their operation, has come to accept the real logic of the saying that, when competition is not free and when supply is limited in the interest of total net profit, there is a harm to consumers.

This point is made clear by Professor Clay who remarks that the essence of competition is in "the possession of an alternative and the exercise of choice by one party to the contract of sale; monopoly is the abolition of the alternative and power of choice."¹ And in another standard text book of economics² the situation just commented on is characterized by saying that the law regards competition as one of the main pillars of our present social order because it is so apparent that competing producers cannot increase profits (at the expense of consumers) by limiting supply. This same passage goes on to describe the reaction of the monopolist to his new-found power when he is freed from the restrictions of competition: "The monopolist will normally endeavor to fix his output at such a point that, given the existing state of demand, he will secure the highest possible net returns."³

John Stuart Mill, in saying that "neither law nor opinion should prevent an operation beneficial to the public from being attended with as much private advantage as is compatible with full and free competition,"⁴ would, by implication, not deny that legal regulation ought to be invoked when the advantage to one party of a business transaction is not determined by "full and free competition" but by monopoly in some degree.

President Hadley remarked: "There can, I think, be no reasonable

¹ Henry Clay, *Economics for the General Reader*, p. 263.

² Ely, *Outlines of Economics*, ch. XII.

³ *Ibid.*, p. 201.

⁴ John Stuart Mill, *Principles of Economics* (Ashley ed.), p. 709.

doubt that the world is far better served under this competitive system than under any other system of industrial regulation which has hitherto been tried. The effect has been so marked that modern law—the English first and the continental afterward—has gradually adjusted itself to the conception that prices should be let alone wherever competition can regulate them; that a price obtained in open market, without fraud or artificial monopoly, is *ipso facto* a fair price. . . .”⁵ But here again there arises a question of fact as to the existence of the “open market.” The inescapable conclusion is that a price fair to consumers cannot be reached where there is not perfect and free competition; and that when the business situation which once justified the basing of legal principles on the economics of free competition has passed, the law ought to be changed to take account of the new situation.

We may restate our first conclusion, reiterated again and again by economists, that monopolists, by their control of the supply, may control price.⁶ If competition were perfectly free such a situation could not possibly arise. But businesses important enough to be regulated are in their very nature businesses operating under conditions of decreasing costs. “The greater the extent to which plant and machinery can be used, the more concentrated the industry and the smaller the area on which a given volume of production can be turned out, the more probable is the tendency to lessening cost and increasing return.”⁷ This is a situation more likely to be true in such standard, stable, every-day goods and services as are likely to be designated for regulation (under the phase of the general police power which protects the economic interests of the public as contrasted with its interests in health, safety, morals, and order)⁸ than in any other sort of business imaginable. And in such businesses the economic motive is best realized by extending sales and accepting low profits per unit in the interest of the large total profits remaining when total expenses are subtracted from total receipts.

The managers of these classes of business do not always apprehend that their acquisitive interest may be served by rate-fixing bodies which force them against their desires into large-scale service and the taking of a small profit per unit. But such is the reality of things.⁹

⁵ A. T. Hadley, *Freedom and Responsibility*, p. 117.

⁶ Taussig, *Principles of Economics*, vol. I, p. 199, for instance: “A monopolized commodity will be sold, by a person doing business for gain, on such terms as will yield the largest net revenue.”

⁷ *Ibid.*, p. 191.

⁸ For a discussion of these phases of the police power see Ernst Freund, *The Police Power*, in the *Cyclopaedia of American Government*, p. 706 ff.

⁹ *Ibid.*, vol. II, p. 110: “Increasing returns in the strict economic sense are a usual characteristic of these industries.”

Another element to be considered, however, is the elasticity or inelasticity of demand, which, in the case of necessities such as are likely to be regulated, operates in general to strengthen the desire of business managers for higher rates, offsetting the gains to be made by the decreasing costs of larger outputs. The demand is a highly inelastic one until rates are very much reduced, when a great strengthening of demand is felt. The curve of elasticity would fall off sharply in its upper reaches in the case of any necessity but would tend to flatten out lower down in the scale. "The consumers' demand (for necessities) tends to be inelastic. But as the most imperative needs are met his demand for more of any commodity acquires a greater degree of elasticity."¹⁰

It might seem desirable to the business seeking only the highest possible net returns to meet only this inelastic demand of the more well-to-do customers and not to reduce rates to the point where large numbers of purchasers would be called into the market as the curve flattened out and new classes of consumers were brought in under the influence of a much reduced rate. It is just this reluctance to make sharp reductions, call in large numbers of new purchasers and accept low per unit profits which justifies regulation.

Total profits of the business need not be less with wise regulation; but they will be gained by low per unit profits rather than high per unit profits on greatly restricted sales. The public interest in the wide dissemination of the product of the business at a low price is thus served and at the same time the business need not in the least be injured. Of course, the regulating body may, by design, cut into and eliminate a part of the net return earned by reductions in price and large consequent sales, but it need not if its main purpose is only to secure the public right to lowered rates and to hold business to its duty to serve efficiently.

In businesses with a tendency to increasing returns or decreasing costs coupled with an inelastic demand for the product, combination of competing units is in the long run inevitable, if for no other reason, simply because of the economies to be gained by operations on a large scale and the losses from plant duplication. But there is another reason, equally compelling, for the coming in of combination—the fact that combination, because combinations control supply, makes price control possible and frees the business manager from price competition.

In any case, in the business of supplying necessities to the public, combination is, in the nature of things, to be expected; and when there is combination there is a lessening of competition to the extent of the coming in of combination. If combination is purely to take advantage of large-scale economies, price will be very materially reduced by the

¹⁰ William E. Weld, *India's Demand for Transportation*.

business's own volition. But if, at any time, the business should stop its movement toward expansion and the continual reduction of price which brings in new purchasers, and should use the power it possesses over price, the public may well be, as the courts put it, "oppressed."¹¹ Where the one force causes combination the other may enter; and the full effects of the economies of large-scale business are, therefore, not necessarily passed on to consumers unless there is a consumers' control of the business.

II. *The conflict of interests.*

The economic interest of the business manager consists in the largest possible net return on the investment of the business; the interest of consumers consists in the cheapest and widest dissemination of goods¹² possible. The conflict between these interests is apparent in the stating. But it is often said that the business manager, in seeking the highest net return for his business, at the same time, though incidentally, secures the wide and cheap dissemination of goods and services desired by the consumer. As he moves in the service of his own interest, does the producer also serve the interest of the consumer?

The answer to this question seems to lie in the theoretical discussion of the mechanism by which the business secures the highest net return for itself—limitation of supply. When supply is limited, the demand for the good or service must adjust itself to the supply through the price equation. A limited supply means higher prices; and higher prices mean a restriction in use. If there were free competition this could not be true. Supplies would be furnished to meet the demand at a price which covered the cost of production with a small margin of profit. And as demand expanded and production increased, the cost of production would fall and prices would be driven lower by competition. With free competition there would be no restriction of supply and no raised prices; with combination these things are possible.

With the inevitable tendency to combination under the influence of decreasing costs, it seems almost as inevitable that there should be a control of prices that harms the consumer. It is inherent in the very nature of modern business. And there is a separation, therefore, of the interests of producer and consumer—that is to say of seller and buyer. With an "open market," free bargaining and no restriction or manipulation, both parties to a bargain normally benefit because one wants what the other possesses and willingly gives up something for it which is desired (or which represents something desired) by the other party to the bargain. The only compulsion is this mutual inclination of each

¹¹ *Ratcliff v. Union Stockyards Co.*, 74 Kans. 1.

¹² Goods used in this sense include services.

for the property of the other. But when markets are not open and bargaining is not free, one party to the business contract gains something at the other's expense.

Perfectly free competition and complete monopoly are equally rare phenomena; neither is descriptive of most business situations. But the tendency to decreasing costs as production is enlarged leads to combination for the purpose of effecting the economies of large scale business. In the pursuit of these economies a partial control of supply may give the business an incidental power over price. There is nothing to prevent the combination which gained its power legitimately enough in the lowering of production expense per unit, from using it for another purpose—the restriction of supplies and the control of price—thus securing to itself gains at the expense of the actual and potential consumers of its product.

If the question should arise: why is it necessary to secure a wide and cheap dissemination of the goods and services generally thought of as necessities, it need only be stated in answer that these goods and services furnish the materials of the environment in which children grow and in which men and women live, that our conduct toward one another and toward the groups in which we live is fundamentally affected by the state of bodily and spiritual nourishment to which we have been adjusted and in which we now find ourselves. The importance of goods and services of this necessitous character can hardly be exaggerated. The problems of the conflict of interests in the market are important not alone to the persons directly concerned, but to all of us. And this is not alone because we, like others, cannot escape the common needs and desires which compel us to use the same goods and the same services as other men, but also because, even though we may not suffer because of economic disadvantage, we still cannot avoid living in the same communities with those who do and in the long run cannot escape a common responsibility for the social arrangements which make possible the exploitation of consumers by the purveyors of necessities.

When the market is viewed as a social mechanism rather than as a private one, and the reasons why it must be social and cannot be private are clearly envisaged, the problems of price and service control attain a new importance. Consider, for instance, the relationship of the price-fixing process to the income (the real income in the satisfactions got from using goods and services) of the persons in the community. One of the fundamental reasons for the stressing of that phase of economics which has to do with the apportionment of income, has to do with men's struggles to provide themselves with more generous quantities of goods and services. But this can never be successful so far as higher wages are concerned, for instance, so long as higher wages are thought of as

increasing the expenses of production and as an incentive to the managers of business to use whatever monopoly powers they possess to raise prices. The struggle is futile. No more of the satisfactions of life come out of it for the wage workers. But when the problem is attacked with the idea of restoring the consumers' power in bargaining, a beginning has been made in securing to men as consumers more generous supplies of those satisfaction-yielding goods about which, in reality, the whole industrial struggle revolves.

The controls which arise under the conception of the existence of a public interest in business transactions, are, in reality, economic weapons of the consumers, though the results are achieved through the agency of the theoretically impartial state. It is conceived by some persons that, by such interference in the interest of consumers, the state violates its rule of impartiality; but this view identifies impartiality with inactivity. To be impartial in this case the state must act. There is a separation of the interests of producers and consumers; the institution of public controls is a recognition of this conflict of tendencies and a way of protecting the right of consumers to a certain standard of living.

The courts have moved steadily in this direction. A long list of businesses formerly private have become public utilities under the common law; and the courts have shown a disposition to permit regulations of businesses by legislative statute under the police power to a greater and greater extent. There is some evidence that the courts have felt themselves running counter to accepted economic opinion, which they took to be *laissez faire*; and there is some defiance in their attitudes as they have extended the scope of market interference. It may be seen, for instance, in Judge Pound's words:

"While in theory it may be said that the building of houses is not a monopolistic privilege; that houses are not public utilities like railroads and that if the landlord turns one off another may take him in; that rents are fixed by economic rules and the market value is a reasonable value; that people often move from one city to another to secure better advantages; that no one is compelled to have a home in New York; that no crisis exists; that to call the legislation an exercise of the police power when it is plainly a taking of private property for private use without compensation is a mere transfer of labels which does not affect the nature of the legislation, yet the legislature has found that in practice the state of demand and supply is at present abnormal; that no one builds because it is unprofitable to build; that there are those who seek the uttermost farthing from those who choose to live in New York and pay for the privilege rather than go elsewhere; and that profiteering and oppression have become general. It is with this condition and

not with economic theory that the state has to deal in the existing emergency."¹³

Such constraint could only arise from the conception that economic theory has nothing to do with such facts as Judge Pound cites. It happens, however, that economic theory is broad enough to include monopoly as well as *laissez faire* and to account for its effects in the market. Economists know there is a separation of interests; and that monopoly powers may be exercised to the harm of consumers; and they know too that the application of the remedy would be more clearly understood if the economic principles really involved in regulation were more widely apprehended. It is the modern tendency toward combination, toward larger-scale business, under the compulsion of the principle of decreasing costs—and the use of the power thus gained for exploitative purposes that poses the problem of control. And the purpose of control, therefore, is to remove this possibility of exploitation. It is not, as some imagine, to interfere with the tendency toward combination which may be set down as inevitable; but merely to make sure that a power gained adventitiously by business is not used to the detriment of those whom the business serves.

III. *The discovery of monopoly.*

The disadvantage of consumers in dealing with the purveyors of the goods and services they need gives rise to what the courts call the public interest in business; this appears from the analysis of the conflict of interests in the market. And the cause of this economic harm to consumers lies in the influence of monopoly upon price. But whether there is monopoly in a market, with its concomitants of restriction of supply and control of price, cannot be determined by investigation of less than the whole of a market situation. By this it is meant that investigations of business units as such cannot reveal the presence of monopoly unless the relations of the business to the whole of the market can be revealed. By looking at the business itself a judgment of its monopoly powers cannot be arrived at. The total need for the good or service, the total possible and actual supply of it, and the part the particular business plays in the whole process is the only possible basis for judgment.

Legal preoccupation has usually been with single business units because cases often come before the courts in that way. It is said that this or that business is a monopoly and suit is brought against it. The judicial opinion has to do with the particular business in question. This is one reason for the failure of the anti-trust acts to secure the public

¹³ *People ex rel Durham Realty Corp. v. La Fetra*: from a transcript of the original opinion of Judge Pound. (Italics are the author's.)

interest in business. It has been assumed that only if a business was big enough actually to monopolize or if a conspiracy between business units could be proved was there sufficient reason for public action; and even then action could be only repressive.

There is a different theory altogether implied in regulation under the police power and under public utility law as it has come to be applied under the rule of the phrase "affected with a public interest." And, indeed, the way of regulation, if it is really to secure the public interest, should not be the way of dissolution and suppression of particular organizations engaged in business. The good or service should be the basis for regulation. The sovereign state should be perfectly impersonal toward the business unit. It should remember that what the public interest demands is the wide dissemination and the cheap availability of necessities. And the means of regulation to secure this public interest are to this end and not to the end of breaking up some really serviceable business unit engaged in dealing in the good or service. The part the business plays will only be touched in following up the stream to its source. And there may be more than one source.

Confusion of the business with the function it serves has made a difference in our theory. It is the business that has been stressed; it is the function that ought to have been stressed. Production is organized fundamentally about the supplying of the needs of society; regulation is interested also in the free flow of the instruments which meet these needs. It is not, except incidentally, interested in the persons or organizations that supply them.

Suppose an investigation of the supplies of a certain necessity suspected of having been monopolized; suppose also a monopoly situation to be suspected because of strange rises in the price or sudden shortages in the supply of it; suppose further that there are found within a given market five businesses supplying it. The investigating body concerned with regulation goes to each business in turn and investigates thoroughly its processes and methods. Nothing irregular is discovered. May it therefore be concluded that there is no monopolization of the product? No restriction of supply? No control of price? There is no monopoly. But that the product is monopolized appears from the movements of the price of the product.

One definition of monopoly is: ". . . single-handed control over the total supply."¹⁴ But this kind of monopoly has been shown by investigation not to be present. Is there another type of monopoly?

There is, for instance, this one: "Absolute monopolies are those in which, by law or ownership of all the sources of supply, the holder's control is complete. Industrial monopolies are those in which the con-

¹⁴ Taussig, *Principles of Economics*, vol. II, p. 107.

trol over the supply, while not complete, is yet effective enough to bring about a state of things different from that of competition, in which, even though there be no legal or natural restriction, the nature of the operations is such that competition is wholly removed, or operative only to a limited degree."¹⁵

Here is a definition of monopoly that may take account of our supposed situation. One of the five businesses may control such a preponderance of the supply that the others will submit tacitly to its leadership; there may be a gentlemen's understanding, wholly without conspiracy. Either of these or any one of many other ways may have been taken to gain the result.

But for the justification of regulation, if its justification lies in a harm to the public interest, there need be no conformity of the monopoly to any definition. The essential thing is the emergent effect on prices and standards of service. Monopoly begins to explain price as soon as there is any restriction of competition whatever from any cause; and when there is restriction the law of competitive price ceases to be of value as an explanation.

The harm to consumers arises out of a separation of interests and a power of sellers over prices; it begins to appear whenever there is any monopoly influence on prices. Taussig calls this "industrial" monopoly. There are reasons why this is not a really descriptive term; but they need not be discussed here. The important thing for the present purpose is to see that consumers may be harmed in their economic interest by agencies amenable to no other controls than those being imposed under the rule of their classification as "affected with a public interest."

IV. *The power of substitution.*

It might very well be argued, and often is, that the consumer has another defense than public regulation, one much more easily brought into play and involving no expensive and bothersome interference with business—the power of substitution. If the prices of goods and services rise too high, it might be said, there are a great variety of others; and these others may even be less costly. Why not substitute?

This may often be done, it is true; and sometimes consumers are not only as well off for the change but actually better off. Instances are plentiful. The expense of providing meat for the family table has risen greatly in recent years and foods have been substituted which have a better physiological effect and are cheaper. Meat was necessary in the diet of out-door workers; it is much less necessary in more sedentary factory occupations. Here was a case where a clear gain resulted from

¹⁵ *Ibid.*, vol. II, p. 107.

the substitution process. But there seems to be no guarantee that such a gain will result in every case. Nor, when artificial control of price enters, is there any indication in the price curve of the exhaustion of resources or of other basic reasons why consuming habits ought to be forced to a change. If rising prices were a sure indication that land of a less productive sort is being forced into use to supply our appetites and that it is becoming more difficult to produce because of the obstructions placed in the way by nature, then the rise in price would be doing a service in forcing many people to turn wholly or in part to other sources of satisfaction. But when price merely represents an arbitrary limitation of supply, a conscious withholding from the market, it does not measure, as it otherwise would, any decline in production advantage. It has nothing to do with the niggardliness of nature.

There seems to be no defensible reason why consumption habits should be compelled to change so that some one, or even a group of persons, may gain a profit. The power of substitution is a real weapon of man against the parsimonies of earth; but in a well-organized social group, consumers, it would seem by any canons of ethics, ought not to be left without other recourse than this against the artificial manipulations of prices which are a part of the executive scheme of modern businesses.

We may inquire what are the limitations within which consumers may invoke the power of substitution harmlessly. When dietitians agree that milk is a necessity for growing children and that there is no effective substitute known, we may presume that there would be a positive harm in the substitution for milk of other food materials. Likewise when the family kitchen is equipped with facilities for cooking with gas, there is a harm in invoking the power of substitution against high rates for gas and turning to coal or electric ranges. It involves expensive re-equipment of the domestic plant—so expensive that a gas company might figure on a very little less use of gas with some slight increase in rates. When one is compelled to go on a journey, there is no really good substitute for the railway train which runs directly to the destination. There are reasons why substitution, though in many cases a real and effective weapon, ought not to be used as an instrument by consumers in coercing the purveyors of necessities. Certain limits designate themselves: they may be formulated somewhat as follows:

1. *The limit set by the natural productivity of the region of the market.* Society ought not, by reason of artificial limitation of supply, to be forced to substitute for the materials nature assists us most in producing, those which she assists us less in producing.

2. *The limit set by the state of the industrial arts.* Comparable with the limitations fixed by nature are those set by our state of advance-

ment in civilization. In fact we have come so far in productive efficiency and no farther. By reason of humanly restricted supplies we ought not to have to choose things produced under such difficult conditions of technique as would add to their expense.

3. *The limit set by expert definition of what is desirable in the circumstances in which we find ourselves.* If fresh eggs are prescribed by the physician for the invalid, or milk for children by the dietitian, or a certain number of cubic feet of air space per individual by the housing expert, substitution ought not to be invoked to change the reasoned judgment of the expert in these definite social adjustments.

But if, as a part of the nature of our developing economic system, there is this control of supplies and consequent increase of prices when the consumer is under rigorous compulsion to buy, the power of substitution, however harmful in the long run, would necessarily have to be resorted to if there did not exist as a remedy the power of the state to regulate business in the interest of the economic welfare of its citizens. The conditions we have described create a public interest in the business. The courts will recognize as valid a legislative statute fixing prices or regulating service in such a business; or, if the business can be shown to possess certain likenesses to other businesses already public utilities, it may be regulated under the common law without legislative statute, simply by a case being brought in the courts, and judicial recognition of the nature of the business being gained. This, however, is a rare modern procedure. For the most part, regulations are made by legislative authority under the economic interest phase of the police power.

V. *The difficulties of regulation.*

It has been one objection to the regulation of business that the difficulties encountered are so great as to make the expense of regulation greater than the savings to consumers. Whether or not this is so, there is a great deal of regulation under way; enough so that it is clearly a part of our politico-economic system. And the nature of the difficulties encountered may be analyzed.

The price-fixing body, if it is not to incur the penalties for the disregard of economic forces, must, in practice, calculate the necessary or desirable supply first and then proceed to the fixing of a price which will bring in that producer whom economists call marginal—the producer who rounds out the supply: this supposing there is more than one producer in the single market. If there be but one producer a price must be allowed which will still cover the expenses of production of the dearest portion of the supply. If all of it is produced under the same conditions, the expense of producing every unit will be the same;

but if there are, for instance, a number of plants and the output of all of them is needed, it will be necessary to fix a price which will cover the expenses of production for the goods turned out by the least efficient of them. And this is a true instance in the sense that it illustrates the lack of uniformity in conditions of production. No two plants are quite alike; no two firms operate under quite the same advantages or difficulties. But it is the least efficient plant, the firm with the greatest difficulties, which fixes the price that must be allowed. This is so because the part of the supply produced in this way is needed quite as much as the part produced under favorable conditions (and less expense) if the full supply is to be forthcoming.

There can be only one price in a market at one time: this is an axiom of economics. And if this price is to be fixed with any idea of bringing in the needed supply, the most expensive part of its production must be allowed for.

This most expensive part is the marginal supply. It is true that there will be a profit, possibly a large one, on the infra-marginal portions produced under the more favorable conditions. But this cannot be avoided so long as industry is privately operated. And even if industry were not privately operated, this surplus would still appear, though it would not be disbursed to private individuals as dividends; there would still be a marginal portion and infra-marginal portions as long as there were different costs of production per unit of product. It might be noted in passing that this infra-marginal profit, or producers' surplus as it is sometimes called, is reachable under income taxes so that, although the consumer contributes to the producers' surplus, this surplus may be tapped to assist in paying for the expenses of government, thus reducing the taxes consumers would otherwise have to pay. The producers' surplus is the social fund which supports civilization and adds to the richness of economic life, whether industry be privately or publicly owned.

The determination of the supply needed is the starting point; and this must be followed by a study of comparative producing expenses to determine just where the margin of production lies. Once this margin is discovered a price may be set which will cover the marginal expense and allow the current and customary rate of profit. This should serve to call out the needed supply. If it does not, the regulating body will be forced to raise the profit incentive; or if this fails within reasonable limits, it may be forced to recommend to the state that it take over and itself operate the industry.

The determination of the needed supply involves difficult social measurements, as such regulating bodies as state utilities commissions and the Interstate Commerce Commission have had occasion to discover.

There arises at the very beginning an almost insuperable difficulty. Who is to say how much of any good or service is needed? Shall the figures of past consumption be taken as a guide? Or shall new and more ideal conditions be forecast and consumption needs be estimated in the new environment? This is merely the contrast between expert judgment and mass judgment. If one's bias is toward democracy in the determination of living standards, deductions from the statistics of past consumption will be sufficient; but if one feels that most people are ill-prepared to assume the responsibility of social living, that they live unwisely and too well (or too poorly), he will not care to be guided by past experience. He will desire a new set of criteria.

So, it may be seen, there are difficulties even in the determination of what is needed, of how great a supply is desirable, quite aside from all the difficulties involved in accuracy of judgment as to what will happen when consumers are faced with new conditions. There is probably no one answer to this question, but it may be suggested that unless a regulating commission is prepared to enforce its desires upon consumers as well as upon producers, it has no other alternative than to be guided by the facts of past consumption by these same consumers. For their habits and predilections will not greatly change in any short period.

There is one large guiding principle left for it: that it must constantly endeavor to have price really represent the favor in which certain goods and services are held by nature. This principle has been referred to before. Price, under a purely competitive regime, would be representative of the advantage or disadvantage of producing; under the influence of monopoly, price ceases to represent anything of the sort. It becomes the tool of the monopolist. Regulation will not be successful that does not perceive and hold to a system of prices which represents this natural determination.

The difficulties of regulation are therefore twofold; to see that the necessary supply is provided, involves a study of consumption habits under various conditions; and to see that price does not vary greatly from the norm that it would follow naturally, involves study of producing expenses under various other conditions. These two principles may conflict and may require delicate adjusting; but the controlling principle would usually be the attempt to force consumption habits as gently as possible into the channels of least cost, using price as the lever. For people will gradually abandon expensive consumption in favor of cheaper; only there is the danger that certain consumptions are more expensive not because of less aid from nature but because of manipulation of the market by monopolists. For this process of adjustment and insurance against exploitation, the regulating commission is a ready instrument. And in following this principle, although the com-

mission may be the cause of change in consumption habits, the change will not be one which the commission merely believes to be desirable. It makes no war on the predilection and choice of people except such as is determined for it by outside forces. It does not say to people: this or that good is not desirable for you. It simply says, in effect: if you insist on using expensive goods you will have to pay a high price. Then there enters, as the defense of consumers, the power of substitution. And these are the legitimate uses of this power.

Such a commission begins its work by instituting a regular service for the reporting of prices and the volumes of trade at these prices; it thus arrives at a notion of the behavior of its constituency in given situations. When an adequate body of such statistics has been built up it has authority for its estimate of future consumption at different prices under the assumption that vagaries of taste will average out in the long run and that consumers are fairly consistent in their consuming behavior. The study of production costs has to be similarly begun by insistence on uniform accounting methods and standardized reports. And this procedure is made difficult by the growing importance in expanding industries of the phenomenon of joint expenses and of the changing proportions of direct and indirect expenses in the whole volume of expense; but it can be accomplished by the taking of infinite pains.

The process of price regulation itself begins with the estimation of needed supplies based on consumption statistics; the regulating body must then allow a price which will bring in the whole of that supply. In doing this accurately, it will be found that the lines of the natural determination of price are being followed; and when actual expenses of production rise, prices will rise and consumption will be lessened. It might be said that a commission charged with price fixing need therefore only consider the expense of producing the supply and that the principle of the adjustment of price to natural determination will follow; but this might or might not be true. Price fixing is a human procedure and the results of departure from the natural norm though sure and costly are not immediately apparent. Consumers might very conceivably bring pressure to bear to keep down the price of what are considered necessities. The principle for this reason has to be kept in mind as the ultimately most important; although the immediate reason for price fixing is usually reaction from the arbitrary exploitation of consumers.

The commission form of regulation has been referred to; and as a general rule it seems superior to the method of fixing prices in the statutes of legislatures because of the inflexibility of a price fixed once and for all. Inflexibility might very easily defeat the aims of price fixing. A commission with power to regulate may, from time to time, at indefinite intervals and as often as need be, readjust rates to con-

form to changing conditions of expense in producing or of habits of consuming; or to shiftings of particular prices relative to the general level of price movements. And all of these seem necessary to really successful regulation.

The objection to regulation so often made, that the expense of regulating is greater than the savings, has been referred to. This may very well be a valid objection unless the functions of a regulating commission are performed with care and accuracy and with a sure knowledge of the results desired. It is sometimes urged as a failure of democracy that it blunders into and through whole social policies without adequate study and evaluation and without any sufficiently definite conception of the results that are desired.

The Sherman Anti-trust act and the Clayton act cannot be said to have been highly successful as we review their results. The regulation of businesses affected with a public interest, a method of control becoming more and more important, is another attempt to make the necessary contact of politics with industry; its protagonists feel it to be conceived, in contrast with the anti-trust acts, both more constructively and less repressively and to have a greater chance for success. But that chance ought to be discussed thoroughly and weighed well before embarkation on the policy is begun. It is perhaps, too late for that; the policy is already in wide-spread operation. But the aims and difficulties still to be defined and met are many and more discussion is needed. The legislatures have shown a disposition to apply the rule of regulation piecemeal and haphazard in emergency situations with a remainder of half-hearted regulation after the emergency has passed, rather than any desire to consider well and extend the policy experimentally to determine its advantages and its dangers. This can hardly be said to be good statesmanship. And the courts, in betraying a defiant attitude toward what they call "economic theory," have given the impression sometimes that such regulations of modern business as they approve are contrary to accepted economic opinion. But it is economics, as a matter of fact, that provides the theoretical basis for such regulations. The tendency to increasing returns in certain modern industries is not a new dynamic generalization; nor is it only recently that economists have discovered that competition is not always present in the market to protect consumers. When it is not present and buyers are subjected to "oppression," there exists a situation—and an economic situation—in which the state not only may legitimately interfere in the public interest, but, indeed, must interfere, if serious and widespread consequences in restricted consumption and lowered morale are not to be incurred.

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COMMUNICATION

Wages, Budgets, Cost of Living

The leading article in the September number of the *AMERICAN ECONOMIC REVIEW* asks the question, "Were real wages higher at the conclusion of the war than they were at its beginning?" and, as its finding, declares that "the purchasing power of the established week's work" in 1918 was less than in 1915 and that "American labor, as a whole" was compelled during the war "to run faster in order to stay in the same place."

This conclusion may be wholly tenable but, I submit, it is by no means proved by the budget data, index numbers and wage statistics presented for that purpose. Another study in the same issue of the *REVIEW*¹ gives timely caution against accepting, without qualification, the very budget figures which are there employed to set up a theoretical living cost for wage comparisons.

In an article entitled "What is the Cost of Living?"² I pointed out, many years ago, some of the difficulties involved in answering this question and in the use of such material. "That any one particular sum can ever be established as the average cost of living is as little to be expected as that the physiologist will be able to determine the invariable minimum quantity and quality of food necessary to sustain human life; there are too many modifying circumstances—age, sex, race, habits, climate, etc.—that certain limits are set to every investigation although, within those limits, valuable results may be obtained."

From practical experience in negotiating wage-scale contracts, principally in the printing trades, and, in four or five instances, taking them through original and appellate arbitration proceedings, perhaps I can open up certain viewpoints not always visible on the surface.

1. It goes without arguing that what is in dispute in these labor controversies is "real wages" as distinguished from mere money payments regardless of what the money will buy. The rapidly increasing costs of all the things needed for the worker's household accentuated the inadequacy of pre-war wage scales and, in seeking their revision, or asking for bonuses, the labor spokesmen properly stressed the price movements as evidence that their earnings were actually shrinking. In a few negotiations, the trades unions consented to insert in their agreement a variable wage conditioned upon index number changes but, as a rule, they refused unyieldingly to do so, clearly foreseeing that, in time, price reduction would mark reversal of the situation and invite demand for lower wages which such a scale would enforce automatically.

2. There is no accepted standard index number but, on the contrary, several such numbers differing from one another although, of course, moving in

¹ "Family Budgets and Wages," p. 447.

² *Charities Review*, April, 1892, then edited by Dr. John H. Finley.

the same direction. Price variations from place to place are considerable; it is impossible to apply an average to localities as widely separated, and as variant, as New York, Chicago, New Orleans and San Francisco; and in each controversy, one side or the other or both are always certain its conditions are exceptional.

3. The standard of living, as reflected in budget data, is also variable. There is no standard workman's family, in size, in number of income-contributing members, in number of dependents, their ages, their health, their mode of living, their requirements for clothing or personal adornment, recreation, etc. Obviously, the standard of living differs as between different classes of wage workers, *i.e.*, skilled and unskilled, in reality, according to the money they have to spend; and more than that, it differs greatly within the same class and within the same craft. Yet each wage scale is fixed uniformly for all the workmen who come under it, married and single, young and old, alert and slow, intelligent and stupid. It takes no cognizance of character of wife and children, who may be thrifty or extravagant and wasteful, helpful or a drag. The theoretical budget represents average minimum living costs of the head of a family supporting a wife and three children with no other resources or income and no outside help. Plainly, the wage barely sufficient for this theoretical workman will mean a much easier time for the unmarried or childless worker, or the family whose expenditures are met by several sharing them. The labor unions, themselves, recognize this palpable difference when they grant a greater strike benefit to married than to unmarried members and so also do our lawmakers when they accord married men greater income-tax exemption than single men and raise the exemption limit still further for each dependent child.

4. Shortage of labor supply, and consequent more insistent demand for labor at higher wages, induce previous dependents, or part-time workers, to become full-time wage earners. That is to say, under such conditions, other members of the workmen's household contribute to the family income in addition to the greater earnings of the regular workers enjoying full time and over-time and extra time at extra pay. In the printing trades, for example, compositors are required to "give out" their over-time (which is compensated at one and one-half rate) whenever they accumulate eight hours, but, with no one to take their places during the war, the rule was a dead-letter much of the time. For this period, there was no "unemployment" whatever.

5. The percentages, according to which the weighted index numbers are constructed as showing the relative outlay of the average workman's household for food, clothing, etc., cannot be applied as fixed figures, especially in a time of constantly and rapidly changing prices and money wages. It is notorious that working men, and others for that matter, coming into an unforeseen increase in the pay-check, launch into unaccustomed expendi-

tures and indulge themselves and their families generously in comforts and luxuries not before enjoyed, such as automobiles, musical instruments, new furniture, larger or better living quarters, furs, silk shirts, more costly foods, etc., quite in disproportion to the budget ratios. In a word, higher wages, more luxuries, higher living costs, less disposition to retrench.

6. Even for index-number wage computations, to stop with the year 1918 can not furnish a true picture because the peak of wage increases was not reached till 1919 and 1920, and price levels began immediately thereafter to recede in advance of wage reductions.

7. Whether comparative "hourly wages" is a more reliable criterion than "total weekly earnings" will depend upon the viewpoint—whether of the worker or of the employer. Hourly wages might suggest that the man's time is compensated, irrespective of how much work he turns out, and that he should put in just the number of hours (or other units of time) necessary to give him a total wage equal to his cost of living according to his family budget. The employer, however, does not count the hours or days, except for the output of the labor performed in that period of time. A higher hourly wage may yield, by comparison, smaller results through slackened effort, or inefficiency, or substitution of less capable workmen for those called into the ranks for the war, and the unit of cost be pushed up in larger ratio than the real, or even the money, wage. It was not uncommon for compositors to institute what they called a "production strike" to enforce demands without openly breaking a scale contract—by means of a sort of gentleman's agreement, to slow down to the "dead line" and thus increase the cost to "the office" as notice to "come across." As a humorous incident in one such case, a fast operator, unable to reduce his speed, was caught turning in a "lineage," much less than the "clock" on his machine registered, to avoid being suspected of breaking faith with his confederates with whom he had agreed to undertake a production strike. It has been many times developed that total pay-roll costs in particular establishments during the war increased in proportion to output in a noticeably greater degree than the wage scale increase.

8. To the employer, there are other labor cost factors besides wages—industrial accident insurance, sickness and vacation allowances, retirement pensions, group life insurance premiums, prosperity bonuses—all taking money and perhaps saving an expense to the workman, but never calculated as contents of the pay envelope. Equally important to the employees, and often still more costly, are the shop practices or rules that make the work more expensive to produce, the artificial demarcation of jurisdiction between different crafts, the requirement of excessive crews to man certain machinery, protecting a "stint" for a full-pay journeyman that can as well be performed by an unskilled person or by an apprentice—all tending to create "jobs" or compel high-priced overtime.

9. The fact should not be overlooked, moreover, that each class of labor,

whenever possible, takes advantage of its strategic position to advance its own rank relative to other classes. In the days of direst shortage, common labor often exacted higher wages than artisans possessing skill acquired only by years of training. It is of record for one city, not likely to be alone in this respect, that electrical wiring men, who at the outbreak of the war were receiving \$4.00 a day, as against brick-layers earning \$6.00 a day, at the close were getting \$10.00, the same as the bricklayers; the wage increase for one was 150 per cent and for the other only 66 per cent. In many areas, the customary \$3-a-week differential of newspaper compositors above job office compositors was eliminated and, here and there, stereotypers and pressmen, previously paid below compositors, brought themselves to the same level. On one occasion, I was waited on by a delegation of mailers, who rank as the bundle-wrappers and shipping clerks of the publishing industry, insisting that what they were doing was as necessary and as vital to the getting out of the newspaper as the task of the highest compensated worker and entitled them to the same pay. The point I wish to make is, that the relative wages of various classes of workmen are subject to change according to the condition of the labor supply without reference to the index number or the family budget.

The crux of the matter, then, is this: Whatever refinement of definition we may resort to, wages, in reality, measure, and must always measure, the worker's share of the product. Without a product to divide, there can be no share for anyone; a greater share of the same product for one factor means a smaller share for some one else; an increased product alone makes it possible to increase the share of labor without decreasing any other share, and may possibly permit all the distributive shares to be increased. Modern trades union policy, however, strenuously objects to piece work, or to speed or production bonuses—it presents some good arguments for its contention. The problem, therefore, is to raise the whole level of efficiency and this must be accomplished, in the future even more than in the past, by more complete industrial organization, by more effective harnessing of natural forces and greater utilization of natural resources, by efficiency methods, improved machinery, economical shop lay-outs, by saving carrying costs through attention to correct geographical location of industry, by thorough vocational training, by health preservation measures and sane recreations to keep the man power in prime condition, and, above all, by inculcating a stronger sense of mutual obligation and moral responsibility. To the extent that the wage worker contributes to industrial progress, he has a right to demand his full share of the accruing benefits, and to be advanced, and not merely forever kept where he is by wage adjustment and readjustment to an index number computed upon an artificial aggregation of cost-of-living figures.

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REVIEWS AND NEW BOOKS

General Works, Theory and Its History

Our Economic Organization. By LEON C. MARSHALL and LEVERETT S. LYON. (New York: The Macmillan Company. 1921. Pp. x, 503. \$1.88.)

The main purpose of this new book in the field of elementary economics is to present in systematic fashion the structure of economic society under the spur of competition. The treatment is necessarily brief on account of the large number of topics to be covered, and also on account of the requirements of an elementary text book. The approach is functional. The authors frankly say in their preface the purpose is to present economic organization in its functional aspect, to show in some detail not so much what the organization is as how it operates. "The distinguishing feature of the volume is the effort to depict social structures in terms of what they do. The functions, the uses, the work, of banks, of business organization, of government, of education, and of other multitudinous agencies which together make up our want gratifying machine, are the matters with which the book is concerned."

Our economic organization is compared to a machine with parts, articulation of parts, motive power, and control or guidance. No one claims that the machine at all times or perhaps at any time works perfectly. There are still many defects. Some parts are not well adapted to their uses; parts rattle, jam and squeak; too much or perchance at times too little motive power is applied; and at times (business depressions) the whole machine seems to break down. Despite the defects, however, the machine functions and is surprisingly well adapted to its purpose of producing goods in quantity, of producing them at right times, and of getting them into the hands of consumers with some accuracy and comparatively little difficulty. The real test of any good machine is that it be designed for its purpose and that it accomplish that purpose at as low a cost as possible under the conditions which prevail at the time. Our economic machine appears to fulfill these conditions. On this point, indeed, many earnest students of economics honestly doubt the truth of the above statement. They see glaring faults of economy and justice, and take decided exception to the proposition that the present economic organization is adapted to its purpose. Possibly in the past, it is said, but certainly not today.

The book at the outset rather assumes human wants and the goods to gratify those wants. Its interest lies in the field of processes. The aim is to start the student in elementary economics with a study of our want gratifying machine, to show him how this machine has come

to be, and how it serves its purpose in apportioning our social resources, viz: labor power, capital, acquired knowledge and natural resources to the production and sale of goods. Although this approach to economics is somewhat new and rather unorthodox, nevertheless there is much to be said in its favor. It serves at the outset to develop an interest in economics in the mind of the student, a thing much to be desired. Again it introduces the student to something with which he is a bit familiar, instead of very early in the course dropping him down into the midst of an elusive exposition of marginal utility and marginal cost. In describing for the student our present system of economic organization it better prepares him to grasp the difficulties of terminology and theory on which the organization is based. There is no attempt to expound principles. All that is left to be taken up at a later point in the course. Those who have taught elementary economics will appreciate the difficulty of interesting and holding the students when they are plunged at the outset into the midst of the complexities of utility, value, and prices. This book goes far to solve that most difficult problem of arousing student interest in the course. It is eminently practical, readable, suggestive, and as such merits consideration.

The topics discussed in the book are in the main those of Professor Marshall's more pretentious work *Readings in Industrial Society*. The first two chapters on human wants and social resources aim to show the reasons for any form of economic organization. Then follow six chapters on English industrial history which, as the authors state, "are not 'historical' in any orthodox sense of the term. They are a somewhat more extended view of the problem at issue." The remainder of the book is taken up with a functionalized description of the economic organization of the United States. There are four chapters on specialization, two on machine industry, three on business organization, three on the province of the enterpriser, two each on money and financial organization and the utilization of natural and human resources, and one on planning, guiding, and controlling.

It is clear that what should be included, what should be excluded, where the emphasis should be placed is largely a matter of choice, and is somewhat dependent upon the purpose the authors have in mind. Not all topics which quite fall within the scope of the book can be equally well treated, especially if the work is elementary in character. It may be a source of disappointment to certain readers that the authors have done little more than to suggest or imply at some points in their discussion the motive forces of organization. We find comparatively little on gain-seeking, prices, competition, property, contract, and the necessities for interdependence.

The book does not pretend to cover the entire field of economics. It

is designed merely as an introductory text and can well be combined with some one of the standard works on the *Principles of Economics*. As a stimulating, attractive, readable book it is a great success. The authors should be complimented on making available this material on economic organization in such a clear and teachable form. The practical questions at the end of each chapter are helpful and suggestive, and add a good deal to the teachable qualities of the book.

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NEW BOOKS

ANSIAUX, M. *Traité d'économie politique*. Vol. I. *L'organisation économique*. (Paris: Giard. 1920. Pp. 390. 20 fr.)

A study of the existing industrial organization as a basis for a future discussion of markets, prices and incomes is the purpose of this volume. Illustrative material is drawn from Belgium, Great Britain, Germany and the United States in addition to France. The dominant characteristic of modern industry is found to be the steady advance of concentration. The study of this movement, its advantages, limitations and enactments for its regulation or repression, fills the major portion of the book. There is preliminary discussion of wants, goods and services, of division of labor, of natural resources, capital and similarly familiar matters in the first seven chapters.

Following chapters are devoted to a discussion of competition and monopoly, of the movement toward concentration and its various forms. The final chapters cover: home industries; agriculture; marketing; railroads; and banking and financial institutions, always from the viewpoint of the greater or less degree of concentration and the elimination or the persistence of the small establishment. The book thus presents a painstaking and wide ranging examination of facts and a discussion, usually in terms familiar enough, of the principles which they illustrate. The author's interest, however, lies not in the description of modern industrial conditions but their study and analysis as a basis for his theoretical writings.

C. E. PERSONS.

CARVER, T. N. *Principles of national economy*. (Boston: Ginn & Co. 1921. Pp. 773. \$3.00.)

CHAPMAN, S. J. *Outlines of political economy*. (New York: Longmans. 1921. Pp. xvi, 463. \$2.25.)

COSTANTINI, E. *Economia politica*. Third edition. (Milan: Vallardi. 1921. 6.50 l.)

DIEHL and MOMBERT. *Ausgewählte Lesestücke zum Studium der politischen Oekonomie*. Second edition. (Karlsruhe: Braun. 1920. 12 M.)

FAIRCHILD, H. P., editor. *Social science*. (Philadelphia: American Educational Institute, Inc. 1921. Pp. xix, 487.)

HUGHES, R. O. *Economic civics*. (Boston: Allyn & Bacon. 1921. Pp. xv, 331. \$1.25.)

KNIGHT, F. H. *Risk, uncertainty and profit.* (Boston: Houghton Mifflin. 1921. Pp. xiv, 381. \$3.)

LASKI, H. J. *The foundations of sovereignty and other essays.* (New York: Harcourt. 1921. Pp. xi, 314. \$3.50.)

Contains a chapter on the early history of the corporation in England.

LEE, J. *Plain economics: an examination of the essential issues.* (London: Pitman. 1921. 3s. 6d.)

LORD, A. R. *The principles of politics. An introduction to the study of the evolution of political ideas.* (London: Oxford Univ. Press. 1921. Pp. 306.)

MANNSTAEDT, H. *Cassels theoretische Sozialökonomie und die Kritik Eulenburgs.* Zeitschrift für Sozialwissenschaft, XI, 11 and 12. (Leipzig: Deichert. 1920. Pp. 16.)

SCOTT, J. W. *Karl Marx on value.* (New York: Macmillan. 1921. \$1.40.)

SOMMER, L. *Die österreichischen Kameralisten.* (Wien: Konegen. 1920. 24 M.)

TAUSSIG, F. W. *Principles of economics.* Vol. I. Third edition revised. (New York: Macmillan. 1921. Pp. xxiii, 545.)

TAYLOR, F. M. *Principles of economics.* (New York: Ronald. 1921. Pp. ix, 577.)

To be reviewed.

TRUCHY, H. *Cours d'économie politique.* Vol. I. Paris: Recueil Sirey. 1919. Pp. xii, 458.)

This book, intended primarily for students, is planned on a more generous scale than is customary in American texts. This first volume gets no farther than the discussion of price. There is an introductory section defining the subject. Book I deals with general conceptions: as wants, value, labor, and population questions. Book II contains a lengthy discussion of the organization of production; labor supply, agriculture, large-scale production, markets, transportation, insurance, and coöperation. Book III covers money, banking and price. Theoretical matters: e.g., the marginal utility theory of value, are given a brief and summary treatment by comparison with the comprehensive presentation of matter descriptive of modern industry. Theory is subordinated to practical matters.

Interest attaches to the discussion of the population problem in France. After a sympathetic presentation of the theories of Malthus, there is a study of the movement of population since 1800 showing a general tendency of birth rates to fall in all countries. This tendency is especially strong in France due to the large proportion of small merchants, small industries and the numerous peasant proprietors. The decline of religious sanctions; the growth of a purely materialistic view of life, and the political instability and wars in France in the nineteenth century all contributed to the growth of a practice of following the line of least resistance, and avoiding parental responsibilities.

Though the author feels that the situation is a dangerous one he is not sanguine that significant gains can be made through legislation, because

of the difficulty of changing established customs and general conceptions. He urges greater efforts to improve the general health—specifically through a strong attack on such evils as tuberculosis and alcoholism.

C. E. PERSONS.

VEBLEN, T. *The engineers and the price system*. (New York: Huebsch. 1921. Pp. 169. \$1.50.)

Minutes of proceedings of the Political Economy Club, 1899-1920 (London). Vol. VI. (New York: Macmillan. 1921. Pp. xxvi, 464. \$7.)

Economic History and Geography

The Industrial State. By E. L. BOGART and G. M. THOMPSON. (Springfield, Ill: Illinois Centennial Commission. 1920. Pp. 553.)

Measured in terms of social and industrial changes, the quarter of a century, or thereabouts, covered by this volume was one of the most important periods of our history. "Not only in Illinois, but throughout the United States as a whole, this period was one of extraordinary economic expansion, of exploitation of natural resources, and of unbridled competition. It offered rich rewards to the energetic, the daring, and the far-sighted business man." On the side of labor "Trade-unionism was striving to establish itself and in this era of struggle made large use of the strike and similar methods incident to the early stages of the labor movement." In fact, the years covered by this volume—from 1870 to 1893—formed a transition period in the industrial and social life of the country. So they did with the state of Illinois, as the authors have pointed out in their volume. Industry passed out of the old order which prevailed in Civil War times and before into the order which exists today. Forms of industry, types of enterprise, attitude towards social life and the state changed materially. In the case of Illinois, the state until this time "had ranked as an agricultural state, standing high among the states of the union in almost every branch of farming. Its expansion along these lines still went on apace. But in addition to agriculture the state began now to develop concurrently other lines of industry." This was notably the case with coal, petroleum, manufactures, railroad building and commerce. "Industry was thus diversified, cities were established, and the interests of the people of Illinois expanded and broadened." Meanwhile, the social and political life of the people experienced notable changes.

The student who is acquainted with the general economic movements in the United States finds these movements traced in this volume with special reference to Illinois. The authors have drawn upon the great quantities of material in the libraries of that state, they have thoroughly documented their work, and have quoted liberally from the

authorities to illustrate and expound the development. This type of study deserves special commendation because it is in a field where so little research has been done.

The volume falls into two parts: the first, covering something over two hundred pages, deals with political and social history; the remainder of the volume is concerned with industrial growth. The opening chapter is a study of the constitution of 1870. Then follow chapters on "Some Aspects of Social Life in Illinois," "Liberal Republicanism," "The Farmers' Movement," "Greenbackism and Democratic Reorganization," "Republicanism at the Wheel," and "The Political Machine in Operation." Chapter VIII, credited to Miss Agnes Wright Dennis, deals with the changing social attitude under the title of "New Forces Astir." Although followed by another section on "Art and Letters," this chapter serves as a connecting link between the political and economic portion of the volume. In his portion of the volume Professor Bogart has studied the development of cereal crops, animal industry, business development, financial problems, railroad transportation, waterways, the growth of commerce and manufactures, the labor movement, and the development of the mineral wealth of the state.

Although in most respects the volume is an admirable treatment of the subject matter the treatment is somewhat uneven. Necessarily in a collaborative work there must be a certain amount of duplication. From the reviewer's point of view, the volume loses something of its value by the separation of the political and economic portions. In some places the collaborators have covered the same ground with little reference to the work done by the other. This comment applies to chapters V, VI, VIII, XIX and XX, and to some extent to other portions of the volume. In this connection one wishes the authors had linked more thoroughly the general movements with those in Illinois. Also the student wishes the authors had given a more thorough study to the legislative history of the state. The shortcoming in this respect is indicated in part by the fact that whereas abundant use has been made of newspaper and periodical material, a relatively small amount of information is drawn from state documents.

Washington University.

ISAAC LIPPINCOTT.

The Non-Partisan League. By ANDREW A. BRUCE. (New York: The Macmillan Company. 1921. Pp. viii, 284. \$3.)

Many articles and not a few books have been written concerning the Non-Partisan League, the sponsor for the socialistic experiment which is termed the "new day" in North Dakota. Many of these publications, however, give only the facts favorable to the movement. The present volume is an exception to this rule and should be read along with the

volume on the same subject by Herbert E. Gaston, reviewed by the present writer in the issue of this magazine for September 1920.

Professor Bruce of the law school of the University of Minnesota was formerly justice of the Supreme Court of North Dakota and dean of the law school of the State University and so writes from first-hand knowledge of the genesis and development of the League both in North Dakota and in the adjoining states. The book is a thorough analysis of an interesting experiment in state socialism and is a substantial and critical piece of work because its conclusions are based on an intimate knowledge of the facts.

Professor Bruce brings out in successive chapters the development of the League from its inception in 1915 to the present time. He shows that at first it was a movement ostensibly for the betterment of the condition of the farming classes; that it was a protest against unfair grain grading, trading in options, and control of grain and cattle markets by outside business interests; and that it developed into a socialistic political party founded on discontent and aiming at the advancement of the political and financial fortunes of its leaders and the destruction of the middleman, the industrial entrepreneur and the so-called capitalistic classes.

The program of the League involves state-owned grain-elevators, warehouses, cold-storage plants, creameries, stockyards, cheese factories, a state-owned bank, a large extension of rural credits, a home building scheme, state hail and fire insurance, the exemption of farm improvements from taxation, and generally speaking the destruction of the middleman. Such a program requires millions of dollars for its execution and this is to be furnished by the state. This mixture of business and politics has not worked out well, as is shown in the failure of the Bank of North Dakota to function as designed and in the failure of the numerous banks in the state. Banking and politics are poor bed-fellows.

A more serious indictment perhaps is the interference by the League with the courts and the educational system of North Dakota. The control of the judiciary meant that the social, constitutional, and economic views of the League would be favored. This means that the judge is not a judge but a representative, and that his function is not to administer the established law, leaving it to the legislatures and the constitutional amendments to change the law and to keep it responsive to the growing needs of the age.

Reports made to the North Dakota legislature of 1921 disclosed the actual insolvency of the Bank of North Dakota and of the Scandinavian American Bank of Fargo. Along with this was the failure of the effort to sell the state's industrial bonds, and although these have since

been sold, the belief at present seems to be that the Non-Partisan finances are in a hopeless state of collapse. Politically the League may continue for a brief period, but the North Dakota farmer is beginning to realize that wild-cat schemes, if unsuccessful, must be paid for by increased taxes, that political hucksters make poor business managers, and that the majority of the proposed state-owned industries must fail because the success of every business depends on skillful and efficient management.

Professor Bruce shows quite conclusively that even if all the grievances complained of were real there was little need of the Non-Partisan League as a political party. North Dakota is purely an agricultural state and the farmer in the long run gets what legislation he needs because the prosperity of the state depends on his prosperity. The real issues have been beclouded and there has been too much calling of names. Economic questions ought to be settled by arguments based on facts. Vast and expensive enterprises even if financed by a sovereign state are doomed to failure unless wisely managed and based on sound economic principles.

GEORGE M. JANES.

Washington and Jefferson College.

NEW BOOKS

ADAMS, L. E. W. *A study in the commerce of Latium, from the early iron age through the sixth century, B.C.* Smith College classic studies, no. 2. (Northampton, Mass.: Smith College Library. 1921. Pp. 84. 75c.)

ALVORD, C. W. *The Illinois country, 1673-1818.* The centennial history of Illinois, vol. I. (Chicago: McClurg. 1920. \$2.)

BAKELESS, J. *The economic causes of modern wars: a study of the period 1878-1918.* (New York: Moffat, Yard & Co. 1921. Pp. ix, 265. \$4.)
The David A. Wells prize essay of Williams College.

BEABLE, W. H. *Commercial Russia.* (New York: Macmillan. 1921. Pp. 278. \$3.)

BELL, J. C., JR. *Opening a highway to the Pacific, 1838-1846.* Columbia University studies in history, economics, and public law, vol. XCVI, no. 1. (New York: Longmans. 1921. Pp. 209. \$2.25.)

Although the material for the main thesis begins with 1838, the author has inserted several preliminary chapters covering the earlier history of the Far Northwest including "Discovery and Exploitation," "Diplomacy Determines the Status of Oregon," "British and American Fur Traders," and "Missionary Colonists." Dr. Bell states that his study has grown "out of a wish for more light on one early phase of this expansion." His purpose is to study "the hopes and fears and ideas of a definite and, in its way, articulate group of the American community," namely, farmers and mechanics who were inspired by the migratory traditions of their forefathers. The point of view in this thesis is that of social history rather

than that of "narrow, political, personal, or economic history." After considering preliminary matters the author devotes chapters to the "Spread of the Oregon Fever" (1838-1843), "Agrarian Discontent in the Mississippi Valley" (1840-1845), "The Journey to the Western Coast" (1843-1846), and "Settlement in the Willamette Valley" (1840-1846). There is a concluding chapter on "The Interplay of Sentimental and Economic Forces." The following are some of the conclusions: "The moment favorable to . . . exploitation by American farmers came, not when settlers had filled the unoccupied lands in the States, but when the farmers had overproduced their available market, and had no other place so attractive to which they could go." The politicians failed to understand the movement, or, at least, they did not give it very accurate expression; they were of the opinion that "the remedy for existing hardships could only be had at the expense of other nations rather than by co-operation with them in the upbuilding of new and mutually beneficial trades." The author is of the opinion that in all probability the migration would have taken place even if there had been no agitation over British relations in the Northwest.

ISAAC LIPPINCOTT.

BOWMAN, I. *The new world: problems in political geography.* (Yonkers-on Hudson, N. Y.: World Book Co. 1921. Pp. vii, 632. \$6.)

BRAWLEY, B. *A social history of the American negro.* (New York: Macmillan. 1921. Pp. xv, 420. \$4.)

BUTLER, J. G., JR. *Fifty years of iron and steel.* (Cleveland, Ohio.: The Penton Press. 1920. Pp. 158.)

The past fifty years have seen a remarkable growth of the iron and steel business of the country. It is interesting to have this story told by an "eye-witness of iron and steel development from the conversion of the first barrel of Lake Superior ore to a period when over sixty million tons came down from the Lakes and other millions are smelted at the Upper Lakes." Mr. Butler was a contemporary of the men who built up the modern industry; he knew many of them personally; he was an observer, and often a participant, in the introduction of many of the modern improvements. He speaks, therefore, from first hand information. Much of his volume is reminiscent, giving intimate information about men and affairs. The main portion of his book covers an address delivered before the American Iron and Steel Institute. He has appended a number of pages on "The Early History of the Use and Manufacture of Iron and Steel," "American Steel in the World War," and "Iron and Steel Industries in War Work and Financing." I. L.

BUTTS, A. B. *Public administration in Mississippi.* Centenary series, vol. III. (Jackson, Miss.: Mississippi Historical Society. 1919. Pp. 278.)

Chapter 3 is entitled "Guaranteeing Bank Deposits," and chapter 4 deals with "Taxation."

CARO, G. *Sozial- und Wirtschaftsgeschichte der Juden im Mittelalter und in der Neuzeit.* Vol. II, *Das spätere Mittelalter.* (Leipzig: Fock. 1920. 30 M.)

CLAPHAM, J. H. *The economic development of France and Germany, 1815-1914.* (New York: Macmillan. 1921. Pp. xi, 420. \$6.)

CLELAND, R. G. *The Mexican year book for 1920.* (Los Angeles, Cal.: The Mexican Year Book Pub. Co. 1921. \$7.50.)

EINSTEIN, L. *Tudor ideals.* (New York: Harcourt. 1921. Pp. xiii, 358.)

HAZARD, B. E. *The organization of the boot and shoe industry in Massachusetts.* Harvard economic studies, vol. XXIII. (Cambridge: Harvard Univ. Press. Pp. x, 271. \$3.50.)

HEARNshaw, F. J. C., editor. *Macmillan's historical atlas of modern Europe.* (London: Macmillan. 1920. Pp. ix, 30. 6s.)

HOBSON, J. A. *The economics of reparation.* (London: Allen & Unwin. 1921. 1s.)

KEITH, A. B. *War government of the British Dominions.* Carnegie Endowment for International Peace, economic and social history of the world war. (London: Oxford Univ. Press. 1921. Pp. xvi, 353. 10s. 6d.)

KUNO, Y. S. *What Japan wants.* (New York: Crowell. 1921. Pp. 154. \$1.)

LANE, W. D. *Civil war in West Virginia.* (New York: Heusch. 1921. Pp. 128. 50c.)

The introduction to this story of the industrial conflict in the coal mines is by John R. Commons.

LENZ, A. *Der Wirtschaftskampf der Völker und seine internationale Regelung.* (Stuttgart: Enke. 1920. Pp. 315.)

LINCOLN, E. E. *List of references in economics 2. Economic history of Europe since 1800, and of the United States.* (Cambridge, Mass.: Harvard Univ. 1920. Pp. 145.)

This is a revision and extension of the references originally prepared by Professor E. E. Day for use in connection with the courses in European and American economic history at Harvard College.

LIPSON, E. *The history of the woollen and worsted industries.* (New York: Macmillan. 1921. Pp. x, 273. \$4.)

MAGER, F. KURLAND. *Eine allgemeine Siedlungs-, Verkehrs- und Wirtschaftsgeographie.* (Hamburg: Friederichsen. 1920. Pp. 231. 40 M.)

MACKINSON, J. *The social and industrial history of Scotland from the union to the present time.* (New York: Longmans. 1921. Pp. viii, 298. \$6.)

MITCHELL, B. *The rise of cotton mills in the South.* Johns Hopkins University studies in historical and political science, series XXXIX, no. 2. (Baltimore, Md.: Johns Hopkins Press. 1921. Pp. 281.)

MITSCHERLICH, W. *Skizze einer Wirtschaftsstufentheorie.* (Jena: Weltwirtschaftliches Archiv. 1921. Pp. 70.)

The author, a professor at the University of Breslau, notes in the economic evolution of the Teutonic and Romance nations four distinct stages. The first epoch constitutes the production and the distribution of goods in most primitive forms; men earn their living by hunting or fishing, by primitive agriculture or by cattle-breeding, and in doing so they are strictly regulated by the community. The soil is a common posses-

sion of the clan or of large patriarchal families; only a few movable things are the property of individuals. This is the stage of a simple common economy.

In the next stage men aspire, besides the spirit of community, to an equal measure of personal self-development. Their actions are, however, still controlled by corporations: guilds, fraternities, village communities and such organizations. Private property has very much increased but its use is controlled and directed by these corporations; the will of the single economic entity is accordingly bound. No one produces on a larger scale than his social position requires; the scope of requirements of the different strata of society is based on custom. Here agriculture, crafts, commerce, and shipping, are developed as independent, but small, organizations. We have here an era of simple *corporative* economy.

The third stage—that of *individualism*—makes each person responsible for himself, economically. Encouraging activity and initiative, this epoch gives rise to wholesale dealing in agriculture and industry as well as in commerce and transportation, and inspires capitalistic enterprise. The catch-words of free competition and of everyone's right to lead his own economic life are now heard; the rights of private property become sharply prominent; the world of capitalism comes into existence.

The fourth stage binds the now developed single economies progressively by corporations of a public, a semi-public and a private character. Public corporative economy exists in factories belonging to the state or the commune; semi-public in enterprises liable to state control, as the coal syndicate and Kalitrust in Germany, labor relationships between capitalists and workmen; private ones in trusts, companies, trade unions, leagues and concerns. Even single factories are regulated in a corporative way, officials and workmen being granted power and joint-authority (shop stewards and works councils, instituted by law in Germany and Austria). So a more complicated system of control by corporations is beginning. All social groups are now inclined to the corporative spirit. Some of these form groups which have intercourse with each other. Thus the community attains again stronger influence and private property is again limited in favor of the rights of the totality. An evolution begins which seems to aim at overcoming private capitalism by means of social capital.

It may be added that this new development is shown for England in C. Delisle Burns' book *Government and Industry* (London: Allen & Unwin. 1921.)

E. SCHWIEDLAND.

Vienna.

MORELAND, W. H. *India at the death of Akbar*. (London: Macmillan. 1920. Pp. xi, 328. 12s.)

MORGAN, R. B., editor. *Readings in English social history from contemporary literature*. Vol. I, *From pre-Roman days to A.D. 1272*. Vol. II, *A.D. 1272-1485*. (New York: Macmillan. 1921. Pp. xv, 117; xi, 108. \$1.40 each.)

MORRIS, H. L. *Parliamentary franchise reform in England from 1885 to 1918*. Columbia University studies in history, economics and public law, vol. XCVI, no. 2. (New York: Longmans. 1921. Pp. 208. \$2.25.)

- MORTARA, G. *Prospettive economiche*. (Castello: Soc. Tip. Leonardo da Vinci. 1921. Pp. 341.)
- NICHOLS, G. *A Salem shipmaster and merchant: the autobiography of George Nichols*. (Boston: The Four Seas Co. 1921. Pp. 127.)
- O'BRIEN, G. *The economic history of Ireland from the union to the famine*. (New York: Longmans. 1921.)
- OBST, E. *Wirtschaftsgeographische Studien in der europäischen Türkei*. (Leipzig: Teubner. 1920.)
- ONEAL, J. *The workers in American history*. Fourth edition revised and enlarged. (New York: Rand School of Social Science. 1921. Pp. 208. \$1.)
- RATHENAU, W. *The new society*. (New York: Harcourt. 1921. Pp. vi, 147.)

Dr. Rathenau is not only one of the most distinguished publicists of the new Germany, but as the head of the *Allgemeine Electricitätsgesellschaft* he is one of its foremost captains of industry. In an earlier study, *Die neue Wirtschaft*, he urged the unification and standardization of the whole of German industry and commerce in one great trust and a great intensification of the application of science and mechanism to production. In the present book he first reviews the social and economic situation in Germany and draws a very unattractive picture of the nation of the future if present tendencies are continued. He is scathing in his criticism of German imperialism. The German people he believes are "high in qualities of intellect and heart. Ethics and mentality normal. Originative will power and independent activity, weak." Under Prussian domination, Germany like Faust, "was lured away from its true path, cast off by the Earth Spirit, astray among witches, brawlers and alchemists." The whole spirit of the exponents of the vaunted Kultur is contrary to the real German character. What Germany needs most is *Bildung*, genuine culture with the courage and spirit to develop the normal tendencies of the German people.

But true culture for the masses is impossible without a radical reorganization of industry. The worker must be freed from the deadly monotony of a single task. As far as possible there should be interchange of labor. Every manual worker should give a part of each day to intellectual work and as far as possible every brain worker should be required to do some physical labor. A year of labor service should be required of every young man. In spite of the fact that Rathenau refers to the majority socialists as the "sorry dignitaries of a day," these same dignitaries have now appointed him Minister of Reconstruction. His official career will be followed with the greatest interest.

G. B. L. ARNER.

- ROBERTS, G. E. *America and Europe*. (New York: National City Bank. 1921. Pp. 18.)
- ROSS, E. A. *The Russian bolshevik revolution*. (New York: Century Co. 1921. Pp. xvi, 301. \$3.)
- DE SANCHEZ, J. A. M. *Reparations. The contract made by Germany and*

her ability to fulfill it. (New York: French Commission in the U. S., 65 Broadway. 1921. Pp. 16.)

STENTON, F. M. *Documents illustrative of the social and economic history of the Dane law.* (London: Milford. 1921. 31s. 6d.)

STODDARD, L. *The new world of Islam.* (New York: Scribner's. 1921. Pp. 362. \$3.)

Chapter VII is entitled "Economic Change," and Chapter IX, "Social Unrest and Bolshevism."

ULENS, R. *Le Condroz: sa population agricole. Contribution à l'étude de l'histoire économique et sociale.* (Brussels: Lamertin & Hayez. 1921. Pp. 209.)

VERHULST, L. *La Lorraine belge.* (Brussels: Lamertin & Hayez. 1920. Pp. 218.)

VINOGRADOFF, P. *The growth of the manor.* (London: Allen & Unwin. 1921. 12s. 6d.)

VOLZ, W. *The economic-geographical foundations of the Upper Silesian question.* (Breslau: Chamber of Commerce. 1921. Pp. 91.)

WIEDENFELD, K. *Ein Jahrhundert rheinischer Montan-Industrie.* (Bonn: Marcus & Weber. 1921.)

WOOLF, L. *Economic imperialism.* (New York: Harcourt. 1920. Pp. iii. \$1.)

Contains chapters on economic imperialism in Africa, and economic imperialism in Asia.

WRIGHT, J. M. *The free negro in Maryland, 1634-1860.* Columbia University studies in history, economics and public law, vol. XCVII, no. 3. (New York: Longmans. 1921. Pp. 362. \$4.)

Arguments about Upper Silesia. I. Upper Silesia and the changes in the iron industry of Europe caused by the treaty of Versailles. II. Pless and Rybnik, integral elements within the organism of Upper Silesian industry. (Breslau: East-Europe Institute, Mining and Metallurgical Section. 1921. Pp. 27.)

Commercial and industrial situation of Hungary. (London: King. 1921. 1s. 3d.)

Commercial and industrial situation in Sweden at the close of 1920. (London: King. 1921. 1s.)

Commercial situation in Siam at the close of 1920. (London: King. 1921. 1s. 3d.)

Economic, financial and industrial conditions in Finland at the close of 1920. (London: King. 1921. 1s.)

Economic and financial situation of Egypt. (London: King. 1921. 1s.)

Economic situation in Switzerland in April, 1921. (London: King. 1921. 1s. 9d.)

Hamburg in seiner politischen, wirtschaftlichen und kulturellen Bedeutung. (Hamburg: Friederichsen. Pp. 170. 15 M.)

- Industrial-economic conditions in the United States.* Bulletin no. 1. (New York: National Industrial Conference Board. 1921. Pp. 18.)
- Organisation des régions économiques.* (Paris: Imprimerie nationale. 1921.)
- The place of the United States in a world organization for the maintenance of peace.* The Annals, vol. XCVI, no. 185. (Philadelphia, Pa.: Am. Academy of Pol. and Soc. Science. 1921.)
- Political and economic report of the committee to collect information on Russia.* (London: King. 1921. 2s.)
- Report of the Secretary of the Treasury to the President on the Second Pan American Financial Conference at Washington, January 19-24, 1920.* (Washington: Inter-American High Commission, Treasury Dept. 1921. Pp. 176.)
- The statesman's year-book. Statistical and historical annual of the states of the world for the year 1921.* (New York: Macmillan. 1921. Pp. xliv, 1544. \$7.50.)

Agriculture, Mining, Forestry, and Fisheries

NEW BOOKS

- ADAMS, R. L. *The marvel of irrigation: a record of a quarter century in the Turlock and Modesto irrigation districts.* Second edition. (San Francisco, Cal.: Anglo & London Paris National Bank. 1921. Pp. 71.)
- BOYLE, J. E. *Agricultural economics.* (Philadelphia, Pa.: Lippincott. 1921. Pp. 448. \$3.)

The title of this book does not convey an accurate notion of its contents. It is not a textbook of agricultural economics, but a collection of twenty-six essays on matters relating to farming, farm life and agricultural commerce. The essays cover a wide range of topics from land tenure to cold storage, the agricultural press, the county agent and back again to the food supply. While the topics discussed are arranged in semi-logical order, no attempt has been made to develop the subject of agricultural economics systematically or comprehensively or to treat it as a coherent whole. The author states his purpose as threefold: "(1) to interest the reader in the subject of agricultural economics; (2) to point out by a few simple illustrations the most significant problems in the field; (3) and finally to stimulate thinking and discussion which may help towards a solution of these problems." He disclaims any setting forth of "ready-made remedies for the problems" or the formulation of "laws and principles," or the presentation of many "new facts to the reader." The reviewer is of the opinion that the author has fairly accomplished purpose number 2, has kept any handmade solutions well concealed, and in most cases has presented secondhand facts rather than principles.

It is inevitable in a book of this sort that the chapters be of unequal merit. Several, such as chapter II; "Anarchy of Agriculture"; chapter III, "Land Speculation"; chapter IV, "'Back to the Land' Movement"; chapter V, "Land Tenure"; chapter VI, "Economic Condition of the Farmer"; chapter VII, "Agricultural Labor" are largely quotations com-

piled from various sources, sometimes strung together with little logical connection. The chapter on "Speculation," however, shows careful original study and is very well written. Chapter XVII on the "Grain Trade" also stands out favorably, although no new facts are presented.

The author presents a great many statistics from numerous sources. A generous bibliography, a long list of questions on the text and a few questions "suggested by the text" are appended to each chapter. Unsuitable as a text, the book will doubtless find a place as a supplementary reference book for students in college courses in agricultural economics, and on the shelves of students of rural problems, as well as on those of practical men of agricultural affairs.

A criticism of the typography is in order. The type of the main body of the book is clear and well leaded, but the great number of paragraph titles in black-face type mar the beauty of some pages. The insertion of long and frequent quotations in small type in the body of the text is a serious mistake; it strains the eye, annoys the reader, detracts from the beauty of the work and in great measure breaks into the continuity of the text. The first hundred pages are particularly offensive in this respect.

ALEXANDER E. CANCE.

Massachusetts Agricultural College.

BROSSARD, E. B. *Some types of irrigation farming in Utah.* (Logan, Utah: Utah Agri. College Experiment Station. 1920. Pp. 140.)

CLARK, M. B. *Mineral resources of the United States in 1920.* (Washington: U. S. Geological Survey. 1921. Pp. 121.)

COBB, J. N. *Pacific salmon fisheries.* Bureau of Fisheries, doc. no. 902. Third edition. (Washington: Supt. Docs. 1921. Pp. 268. 35c.)

COELHO DE SOUZA, W. W. *Possibilités de la culture cotonnière dans le Brésil.* (Rio de Janeiro: Bureau d'Information. 1920.)

COLVIN, C. *Summary record of project in vocational agriculture.* Bull. no. 18. (Springfield, Ill.: Board for Vocational Education. 1921. Pp. 18.)

FISHER, C. B. *The Farmers' Union.* Studies in economics and sociology, no. 2. (Lexington, Ky.: Univ. of Kentucky. 1920. Pp. 81. \$1.)

In the three chapters into which this study is divided, the author has discussed "The Origin and Development of the Farmers' Educational and Coöperative Union of America," "Coöperative Activities of the Farmers' Union," and "The Legislative Program of the Farmers' Union." Mr. Fisher had access to minutes of the mass meetings of national and state organizations, and to various papers and pamphlets of the farmers' societies; from these sources chiefly he gathered the material for his study. His monograph contains extensive quotations from these documents. The author is of the opinion that "the present tendency on the part of the Union is to develop state exchanges, or coöperative wholesale houses. . . ." and that "this venture has greatly systematized coöperative purchasing and it promises to become one of the most profitable coöperative attempts yet made." All local coöperative stores furnish the necessary capital and make their purchases through the exchange; thus the latter centralizes the demand of the local stores and thereby is able

to obtain various advantages in making purchases. Under the influence of the Union, coöperative manufacture has been undertaken on a limited scale; this includes "pickle factories, flouring mills, phosphate plants, packing plants, creameries, implement factories, tobacco factories, etc." As a rule, however, interest of farmers in these enterprises tends to decline, partly due to the tax on the managerial ability of the owners, and partly due to the disappearance of the evils which led to the founding of the manufacture; in this event the association loses its chief stimulant. Many of the manufacturing enterprises are not "all 100 per cent coöperative," due to the fact that it has often been necessary for "a few individuals to stand for any deficit that might be incurred, or even to furnish most of the capital, which facts tend to cause the undertaking soon to lose any of the coöperative traits that it may have once possessed." Thus the author is of the opinion that coöperative manufacturing enterprises among farmers should be avoided except "in simple processes, as creameries, cotton gins, etc."

ISAAC LIPPINCOTT.

Washington University.

GETMAN, A. K. *High school department of vocational agriculture.* Bull. no. 703. (Albany: Univ. of the State of New York. 1920. Pp. 32.)

GILBERT, C. G. and POGUE, J. E. *America's power resources: the economic significance of coal, oil and water-power.* (New York: Century. 1921. Pp. xiv, 325. \$2.50.)

JANICKI, S. *The history and present conditions of the oil industry in Galicia.* (London: Polish Press Bureau. 1921. Pp. 40. 2s. 6d.)

JOHNSON, O. R. *Cost of producing wheat and oats in Missouri: 1920.* University of Missouri circular 100. (Columbia, Mo.: Agri. Experiment Station. 1920. Pp. 4.)

LEAKE, H. M. *The bases of agricultural practice and economics in the United Provinces, India.* (Cambridge, Eng.: Heffers & Son. 1921. Pp. 277.)

LEITH, C. K. *The economic aspects of geology.* (New York: Holt. 1921. Pp. xiii, 457. \$5.)

Author is professor of geology in the University of Wisconsin and was Mineral Adviser to the Shipping, War Trade, and War Industries Boards.

MACBOYLE, E. *Mines and mineral resources of Plumas County.* (Sacramento, Cal.: State Mining Bureau. 1921. Pp. ii, 88. 50c.)

MACKLIN, T. *Efficient marketing for agriculture: its services, methods, and agencies.* (New York: Macmillan. 1921. Pp. xviii, 418.)

OATES, M. B. and REYNOLDSON, L. A. *Standards of labor on the hill farms of Louisiana.* Department of Agriculture, bull. 961. (Washington: Office of Farm Management and Farm Economics. 1921. Pp. 27. 10c.)

PIETSCH, M. *Die Baumwolle.* (Leipzig: Bitterling. 1920. Pp. 118. 6 M.)

RIDGLEY, D. C. *The geography of Illinois.* (Chicago: Univ. of Chicago Press. 1921. Pp. xvii, 385.)

ROESLER, M. *The iron-ore resources of Europe*. Bull. 706. (Washington: U. S. Geological Survey. 1921. Pp. 152. 40c.)

SPURR, J. E., editor. *Political and commercial geology and the world's mineral resources*. (New York: McGraw-Hill. 1920. Pp. x, 562. \$5.)

This book consists of a series of short monographs prepared by specialists and under the general editorship of Mr. Spurr who also has contributed the final chapter bearing the rather striking title—Who owns the earth? There are thirty-two chapters in all and, excepting the last, each is concerned with a consideration of a single mineral. Petroleum is given first place in the make-up of the volume, followed by coal and iron. Next are discussed those metals essential in the manufacture of steel. The major metals, other than iron, are then treated, followed by the fertilizer minerals; and finally the precious metals come in for consideration.

The work as a whole is designed to show the relation of geology to industry and trade. The chapters are well written and contain, within a relatively small space, the most up-to-date information regarding the geographical distribution of the minerals considered and the ownership of the sources of supply. A number of the authors are impressed with the necessity of a country securing control of the sources of raw materials, especially of the minerals, if it wishes to strengthen its political power. A number of well-chosen illustrations add substantially to the usefulness of the volume. An interesting feature of the work is that the authors do not profit financially from its sale but the royalties, it is announced, are to be "assigned to an institution of learning to finance further studies along the lines followed in this volume."

AVARD L. BISHOP.

THOMPSON, J. W. *Petroleum laws of all America*. Bureau of Mines, bull. 206. (Washington: Dept. of Interior. 1921. Pp. vii, 645. 40c.)

Commercial atlas of America. (New York: Rand, McNally. 1921. Pp. lii, 166. \$35.)

Live stock and animal products statistics, 1920. (Ottawa, Canada: Dominion Bureau of Statistics, Internal Trade Branch. 1921. Pp. 67.)

World atlas of commercial geology. Pt. I. *Distribution of mineral production*. (Washington: U. S. Geological Survey. 1921.)

Useful, with excellent maps.

Manufacturing Industries

Manufacturing Industries in America. By MALCOLM KEIR. (New York: The Ronald Press Company. 1920. Pp. vi, 324. \$3.00.)

Professor Keir points out in his preface that hitherto books on manufacture have been either highly technical treatises on some particular industry, or interesting descriptions of some of the unique features of manufactures. Thus he felt that there was a need for a book which would satisfy the desire of "men actively engaged in manufacturing" who wish "to know their own business in all its aspects." The

author would hardly claim that his book fully accomplishes this purpose for it is concerned with only a limited number of our leading manufactures, and the treatment is for the purpose of showing growth, and causes and effects of growth. Within this field, however, Professor Keir has performed his task remarkably well. He has a facility for picking out essential conditions and for presenting them in concise and interesting form. He is in command of a vast fund of concrete information about the industries he discusses and he uses care in selecting the pertinent facts for illustration.

The volume contains chapters on "The Resources of the United States and Their Relation to Opportunity," the "Development of Manufacturing," in which the author gives a brief survey of the manufacturing growth of the country, "The Localization of Industry," in which chapter, in addition to the stereotyped reasons for localization the author adds as factors chance, monopoly, family control, shop association, prestige, and others. A chapter is devoted to the "Unappreciated Tin-Peddler—His Services to Manufactures." The groups of industries treated in the volume are: iron and steel, cotton manufactures, wool manufactures, leather, shoes, and paper. Chapter XI is devoted to "Miscellaneous Industries." In this section several pages each are given to the manufacture of cement, bricks, pottery, glass, food products, clothing, wood, and ship building. From this summary it will appear that some of our greatest industries have either been omitted, or at best treated in only summary manner. Professor Keir does not discuss the regulation of industry, nor the labor movement in its relation to manufactures.

Scattered through the volume are statements which are sometimes obscure, sometimes contradictory. For example, on page 30 is the statement that "We are more or less startled, therefore, when we come to realize that throughout all the colonial period of our history, there was little manufacturing of any kind within our borders; and we are slow to believe that until 1830 only cotton and iron manufacture had made much progress in our country . . ." and a similar statement is made in the summary to the chapter on page 59. Yet on page 39, commenting on manufactures in colonial New England, the author refers to shipbuilding and related industries, and to those that supplied the ship trade, in terms which indicate that such industries were of considerable importance. Thus, "The iron industry was one of these, furnishing nails, bells, cannon, shot, and anchors, and it is significant that Massachusetts led all the other colonies in iron manufacture for a hundred years after 1650." In the same paragraph, Professor Keir refers to the "big cooperage industry," and to the manufacture of various food products and clothing to supply sailors and ship trade. Similar state-

ments which conflict with this thesis are found on pages 35, 40, 89, 222, not to mention others. The author is probably not making clear whether he has in mind home-made manufactures, factory manufactures, or manufactures, by whatever system, for the market instead of for household consumption.

The reviewer would also take exception to such statements as "In a new country, where soil and climate permit, the first activity to which men turn their attention is farming" (p. 31); in this connection it is worthy of note that over vast areas in our own land, even where "soil and climate" permitted, lumbering, mining, fur trading, and ranching, if that may be regarded as separate from farming, have been the pioneer activities, and these enterprises were often of considerable magnitude. What is true of the United States holds likewise for new countries beyond our borders.

Such statements as the following given in explanation of our growth startle the reader: "The mere size of the United States then is a factor in its favor" (p. 10); and "the highest degree of opportunity is attained in a large, wealthy country with a scanty population" (p. 11). Possibly the author means by "wealthy" great stores of undeveloped resources, and by "opportunity" that there are few persons to compete for these resources. But to the economist, as well as to the ordinary reader, these terms more often have another meaning. Statements of this kind, however, are not numerous, and do not impair the value of Professor Keir's excellent chapters on the industries he has discussed.

ISAAC LIPPINCOTT.

Washington University.

NEW BOOKS

- AYRE, W. *Organization for ship production: a paper read before the North East Coast Institution of Engineers and Shipbuilders.* (New York: G. E. Stechert. 1921. Pp. 50. \$1.)
- BACKERT, A. O., editor. *The A B C of iron and steel; with a directory of the iron and steel works and their products of the United States and Canada.* Fourth edition. (Cleveland, O.: Penton Pub. Co. 1921. Pp. 1, 408. \$5.)
- BALLARD, M. *The relation between shipbuilding production prices, and the freight market; read before the North East Coast Institution of Engineers and Shipbuilders.* (New York: G. E. Stechert. 1921. Pp. 34. \$1.)
- GAMBLE, T., compiler. *Naval stores; history, production, distribution and consumption.* (Savannah, Ga.: Review Pub. & Prtg. Co. 1921. Pp. 286.)
- JANOWSKY, K. *Zwei Studien über die Textilindustrie in der Tschecho-Slowakei und in Deutsch-Osterreich.* (Vienna: Hölzel. 1920. Pp. 109. 60 K.)

Directory of Illinois manufacturers. Edited by P. M. WALKER and compiled by D. MACLEAN. (Chicago: Illinois Manufacturers' Assoc. 1920. Pp. 1309. \$10.)

Fifty years of glass making, 1869-1919. (Pittsburgh, Pa.: Macbeth-Evans Glass Co. 1920. Pp. 93.)

Lumber, lath, shingles, etc. Census of Industry, 1918. (Ottawa, Canada: Dominion Bureau of Statistics. 1920. Pp. xi, 35. 10c.)

Report on productive industries of the commonwealth of Pennsylvania for 1916-1919. (Harrisburg: Dept. of Internal Affairs, Bureau of Statistics and Information. 1920. Pp. 878.)

Swift and Company yearbook: covering the activities for the year 1920. (Chicago: Swift & Co. 1921. Pp. 72.)

Transportation and Communication

The Electric Railway Problem. By DELOS F. WILCOX. (New York: The Author. 1921. Pp. xx, 789.)

This is an analytical report prepared by Dr. Delos F. Wilcox for the Federal Electric Railways Commission appointed May 31, 1919, to investigate street railway conditions which had reached a critical state and had assumed national significance because of the necessity of service in many cities during the war.

The commission held one hearing in New York City and a series of hearings in Washington. It thus accumulated a huge volume of evidence, personal opinion, discussion, statistical statements, and documents, which greatly overlapped, and required a comprehensive and systematic analysis to present the significance of the mass of material. Dr. Wilcox was engaged by the commission to prepare such an analysis which is contained in the present volume. Unfortunately the commission was inadequately financed and found itself unable to publish Dr. Wilcox's report, although arrangements were made for the publication of the commission's proceedings and various supplementary documents. Believing that his report should be made available to institutions and individuals interested in street railway problems, Dr. Wilcox has published the work at his own expense and has thus performed a great service. His analysis, in the acknowledgment of the commission, represents "a complete and masterful study of the whole electric railway problem."

The failure to publish Dr. Wilcox's report is particularly unfortunate since it tends to support a widely prevailing feeling that the investigation was furthered as part of a country-wide propaganda by street railway interests for an increase in fares, to bring national pressure upon local communities to remove franchise and contractual restrictions upon fares—not a serious inquiry to determine the facts and to

discover unbiased solutions of the different problems. Dr. Wilcox's report completely disposed of such propaganda efforts and presented the materials from the standpoint of desirable public policy. The feeling, therefore, prevails among serious students of street railway policy that the failure to publish the report was perhaps not altogether dissociated from the conflict of views of Dr. Wilcox and the people who had engineered or attempted to engineer the active scope and purpose of the investigation.

It is impossible within the limits of this review to give an adequate summary of this comprehensive and voluminous report. Dr. Wilcox covers in 54 chapters, plus appendix and index, an analysis not only of the commission's proceedings and statements filed, but supplements such data with further facts and studies which were required for adequate presentation of the problems. The central point of the analysis relates to questions connected with impairment of credit including a discussion of the causes and the means of restoration. Among the causes are over-capitalization and its various attending financial mismanagements; failure of the companies to take advantage of possible economies of operation; hostility of the public due to unsocial attitude of the management; the increase in cost of operation; competition of automobiles and jitneys; restrictions upon fares particularly by franchise and contracts.

The chief methods of relief for the restoration of credit are discussed under proposals to remit taxes, paving obligations, and other municipal charges; limiting automobile competition and particularly placing jitney service under public regulation; financial reorganization of the companies; use of public credit; better methods of coöperation between companies and employees; the increase in fares, particularly the use of the zone system; and the feasibility of the so-called "cost of service" contracts.

In all the discussions, Dr. Wilcox quotes the opinions of the principal witnesses before the commission, presents the more important statistical and documentary data and offers such conclusions as seem to him reasonable on the basis of all available information.

Dr. Wilcox has little expectation that vital reorganization of the street railway management is possible without ultimate municipal or public ownership and operation. This is offered as the only final solution; everything else is futile or temporary, as fundamentally inconsistent with the underlying public interest in local transportation. He recognizes, however, the difficulties confronted by municipal ownership and operation and realizes that this solution is in most cases not immediately available, having to wait particularly for far-reaching changes in law and constitution and the possibility of financing the policy.

Perhaps a valid criticism of the analysis is the rather persistent presentation of facts from the standpoint of public ownership and operation. If the investigation was engineered in part as propaganda for street railway interests, Dr. Wilcox at least gives grounds for the countercharge that his analysis is a somewhat disguised brief for municipal ownership and operation. Any important general solution that may be offered is, of course, a matter of opinion and involves the question of soundness of judgment which cannot be conclusively measured. Personally, I believe Dr. Wilcox over-stresses the factors which he thinks inevitably lead to municipal ownership and operation and rather glosses over the difficulties. The fundamental trouble in the street railway situation undoubtedly has been the deep-seated conflict of public and private interests, but, I believe, in many instances or most cases this can be settled or the area of conflict greatly limited by organization other than the author's proposal.

Undoubtedly every city should be free to determine its own transportation policy and all arbitrary legal restrictions upon the introduction of public ownership and operation should be removed. With freedom for "self determination" many cities undoubtedly would adopt Dr. Wilcox's idea, but other equally desirable or for particular instances even superior ways may be available to reach the financial stability and organization consistent with the public interest. The limit of space, however, does not permit more concrete discussion of such other possibilities.

The obstacles to Dr. Wilcox's goal are admittedly great, consequently there must be open mind to the possibility of other methods. The local conditions are so various, particularly there are so many different psychological factors in the public attitude, also so many technical and financial entanglements, that the insistence upon a single form of organization to meet all cases has at least the appearance of doctrinaire opinion, and challenges disagreement. Dr. Wilcox may be right, but he speaks with considerably greater certainty than seems to be warranted by the great confusion of elements which affect the problem.

JOHN BAUER.

New York City.

NEW BOOKS

- GENGENBACH, E. *Common sense vs. prohibition in railroad rates, 1921.* American national economics, series no. 8. Third edition. (Washington: John Byrne & Co., 715 14th St., N. W. 1921. Pp. 40. 25c.)
- LETHEM, R. *The interpretation of tariffs.* (Chicago: The Traffic Service Corporation. 1921. Pp. 1, 152.)

- MACELWEE, R. S. and RITTER, A. H. *Economic aspects of the Great Lakes-St. Lawrence ship channel*. (New York: Ronald. 1921. Pp. 291. \$4.)
- MCVEY, F. LE R. *Railway transportation; some phases of its history, operation and regulation*. (Chicago, Ill.: Lincoln Inst. of Business. 1921. Pp. 406. \$3.)
- OUSPENSKY, G. I. *Future Russian railroad construction. Its scope and manner of realization*. (New York: Youraveta Home & Foreign Trade Co. 1921. Pp. 51.)
- POWELL, F. W. *The railroads of Mexico*. (Boston: The Stratford Co., 12 Pearl St. 1921. Pp. vii, 226. \$2.)
- PRATT, E. A. *British railways and the great war*. In 10 parts. (London: Selwyn & Blount. 1921. 3s. 6d. each.)
- RIEGEL, R. *Merchant vessels*. (New York: Appleton. 1921. Pp. x, 257. \$4.)
 "This is one of a 'Shipping Series' designed as a basis for instruction in the various phases of the steamship business." Part 1 deals with construction, types, and uses of merchant vessels, and Part 2, the measurement of merchant vessels.
- SALTER, J. A. *Allied shipping control: an experiment in international administration*. Carnegie Endowment for International Peace, economic and social history of the world war, vol. I. (London: Oxford Univ. Press. 1921. Pp. xxiii, 369. 10s. 6d.)
- SHARFMAN, I. L. *The American railroad problem: a study in war and reconstruction*. (New York: Century. 1921. Pp. xiii, 474. \$3.)
- SMITH, A. R., compiler. *Port of New York annual*. (New York: Smith's Port Pub. Co., 5 South St. 1920. Pp. 526. \$5.)
- Marketing live stock by motor truck*. Bull. no. 8. (Akron, Ohio: Firestone Tire & Rubber Co. 1921. Pp. 45.)
- Municipal trolley operation in New York City*. (New York: Municipal Reference Library. 1921. Pp. 3.)
- Railroad talks based on Pennsylvania System practices*. Vol. I. (Philadelphia, Pa.: Y. M. C. A., Pennsylvania Railroad Branch. 1920.)
- Record of American and foreign shipping, New York, 1921*. (New York: American Bureau of Shipping. 1921. Pp. 1296.)

Trade, Commerce, and Commercial Crises

NEW BOOKS

- BERNHARDT, J. *A statistical survey of the sugar industry and trade of the United States, 1918 and 1919*. (New York: U. S. Sugar Equalization Board. 1920. Pp. 113.)

The problem of the Sugar Equalization Board was that of increasing and controlling supplies while holding down prices. The organization provided to do this work and the means adopted, are adequately described in Mr. Bernhardt's *Government Control of Sugar*, recently reviewed in

these pages. That volume was essentially a narrative; the *Statistical Survey* presents the data justifying the policies adopted. It is a book of evidence, without detailed analysis of the general considerations involved in the solution of the main problem. Detailed tables are included and diagrams are effectively used.

The essential first step was the inventory of existing supplies of sugar, and an estimate of expected seasonal increments. This involved also the building-up of figures on refiners' receipts and meltings, and of distribution from American sources of supply. Here it was necessary to pioneer. Whereas, in other fields, the bringing together of existing data frequently served the purpose of the board, it was now found necessary, for control purposes, to build up complete weekly figures of all receipts of sugar, by "ports and kinds." This was the first time such a record had been obtained from the sugar refining industry. Accurate information on distribution was equally essential as a basis for applying the restrictive regulations imposed on sugar consumers. Figures were therefore prepared showing the destination of sugar shipments, and the distribution of sugar moving among various classes of consumers. The statistical measurement of the demand side of the market called for patience, care, ingenuity and a high degree of coöperation. The tables, reproduced at length, testify to the care with which the details were considered. A brief chapter discussing the exports of refined sugar disclosed the rigid limitation of exports in 1918, only the countries associated with the United States in war receiving appreciable quantities of the refined product.

Standing alone, the *Statistical Survey* gives an incomplete picture. There is needed an explanatory discussion of the machinery and policies of the organization using the figures. This the narrative provided. Taken together, Mr. Bernhardt's studies present a most satisfactory story of price regulation in the sugar industry.

HOMER B. VANDERBLUE.

BOOTH, W. H. *Foreign trade and the interior bank*. (New York: Guaranty Trust Co. 1920. Pp. 18.)

ERDMAN, H. E. *The marketing of whole milk*. (New York: Macmillan. 1921. Pp. xvi, 333. \$4.)

HERMBERG, P. *Der Kampf um den Weltmarkt*. (Jena: Fischer. 1920. Pp. 135.)

Der Kampf um den Weltmarkt presents in convenient form a large amount of statistical fact concerning world trade during the period prior to 1913. The first part, consisting of nine general tables, gives statistics concerning distribution of trade among the commercial nations of the world, the individual tables referring to general exports, participation of various nations in total exports apportioned according to chief commodities. The second part, consisting of five tables, deals particularly with the participation of the commercial peoples of the world in the trade of five market areas, namely, Europe, Central and South America, the British Empire, Asiatic lands, the French colonies and African countries. The material is carefully collected from original sources and much care has been taken in selection of sources and presentation of data, but no interpretations or conclusions are given. Altogether, within its narrow field, it is a useful collection of material, the interpretation of

which will furnish to the student of economic and commercial history much material for study and reflection. HARRY R. TOSDAL.

HOUGH, B. O., compiler. *American Exporter export trade directory*. (New York: Johnston Export Pub. Co. 1921. Pp. 1036. \$10.)

LINDSAY, S. McC., editor. *American foreign trade relations: a series of addresses and papers presented at the annual meeting of the Academy of Political Science, December 9-10, 1920. Proceedings*, vol. IX, no. 2. (New York: Columbia Univ., Academy of Pol. Sci. 1921. Pp. 186. \$1.50.)

MACKLIN, T. *Efficient marketing for agriculture: its services, methods, and agencies*. (New York: Macmillan. 1921. Pp. xviii, 418.)

NOTZ, W. F. and HARVEY, R. S. *American foreign trade*. (Indianapolis, Ind.: Bobbs-Merrill. 1921. Pp. xv, 593. \$5.)

The complete title of the book, *American Foreign Trade as Promoted by the Webb-Pomerene and Edge Acts with Historical References to the Origin and Enforcement of the Anti-trust Laws*, indicates much more clearly the scope and content of the work than the cover title. Part I, consisting of seventeen pages, is a brief résumé of the evolution of trade policy, chiefly public policy toward industrial combination. Part II is a restatement of the history of the origin and enforcement of American anti-trust laws, adding but little to previous works except a brief examination of the work of the Federal Trade Commission. Part III, entitled "Coöperation the Watch-word in World Trade," aims to show, on the basis of brief examination of the development of combination in various countries before the war, that foreign trade has been promoted by combination and that some sort of combination has emerged in major countries from the war as a necessity, the conclusion being drawn that development of American foreign trade requires coöperation and combination. Part IV, together with the appendix of documents and material relative to export combinations, constitutes undoubtedly the most valuable part of the work, furnishing a careful examination of the Webb-Pomerene law and a reprint of the articles of several export associations. The legal phases are stressed and the advantages for business are pointed out, but there is no serious attempt to appraise the law and its operation from an economic standpoint. Parts V and VI, upon the Edge act and compacts in world commerce, are briefly treated.

The specific criticisms which the reviewer would make of the work are first that of the four hundred pages of text over one-fourth is taken up by historical account of trust regulation which has its connection with the passage of the Webb-Pomerene Law, to be sure, but which has little reason for inclusion in a book advertised as "a practical and basic guide-book of American trade extension." While the time may be ripe for re-examination of our policy toward industrial combination, the need is for much more thorough analysis than is attempted by the authors. In the second place, the authors venture little of scientific criticism, the short chapter upon the subject consisting mainly of extracts from public utterances. The impression may easily be secured that the study of export combinations has not been approached without prejudice.

HARRY R. TOSDAL.

- SCHMIDT, E. W. *Die agrarische Exportwirtschaft Argentiniens, ihre Entwicklung und Bedeutung.* (Jena: Fischer. 1920. Pp. xv, 286. 35 M.)
- SCHWEDTMAN, F. C. *The development of Scandinavian-American trade relations.* Foreign commerce series, no. 5. (New York: National City Bank. 1921. Pp. 125.)
- The American silk trade, season 1919-1920.* (New York: Silk Assoc. of America. 1920. Pp. 5.)
- Annual report of the trade of Canada (imports for consumption and exports), fiscal year ended March 31, 1920.* (Ottawa, Canada: Dominion Bureau of Statistics. 1921. Pp. 1394. 90c.)
- Royal Commission on the sugar supply. Second report.* (London: King. 1921. 3d.)
- Wholesale food markets of London. Fourth, fifth and final reports of the Departmental Committee on Food Markets.* (London: King. 1921. 4d.)

Accounting, Business Methods, Investments, and the Exchanges'

NEW BOOKS

- BABSON, R. W. *Enduring investments.* (New York: Macmillan. 1921. \$1.50.)
- . *Making good in business.* (New York: Revell. 1921. Pp. 175. \$1.25.)
- BELL, S. *Accounting principles.* (New York: Macmillan. 1921.)
- BELL, W. H. *Accountants' reports.* (New York: Ronald. 1921.)
- BONNETT, C. E. *Employers' associations in the United States.* (New York: Macmillan. 1921. \$4.)
- BORDEAUX, L. *Les nouvelles législations immobilières et hypothécaires.* (Paris: Dalloz. Pp. xiv, 418.)
- BOURBEAU, M. *La Bourse des Valeurs de Paris pendant la guerre (1914-1920).* (Paris: Librairie Générale de Droit et de Jurisprudence. 1921. Pp. 384. 25 fr.)

This work, though written largely from a legal standpoint, contains important data relating to the status of the Paris Bourse and the prevailing methods of distributing and liquidating securities in France. The author analyzes the French government decrees closing the Bourse at the outbreak of the war and imposing a moratorium together with the other regulations for liquidating uncompleted Bourse transactions. Of more importance for American readers is the narrative relating to the French securities market before and during the European war. For more than a decade before the war, security prices on the Paris Bourse had been declining. Foreign issues, moreover, were taking precedence in speculative transactions over domestic securities. Because of the red tape in effecting exchange transactions due to the monopoly of the syndicate of the *agents de change*, the French banks and their agencies had gradually developed independent methods of marketing securities.

The Paris Bourse was closed by order of the government on July 31, 1914, and remained closed until September 30, 1915. When it reopened, transactions were limited in scope, and, as in New York and London, prices were regulated and controlled through government agencies. Accordingly, the speculative market (*marché à terme*) was not opened until January 2, 1920. The principal motive for the reopening of the Bourse in 1915 was the need of assistance on the part of the *agents de change* in the flotation of the government loans.

The French government, like the British, prohibited new capital flotations in the Paris market not directly or indirectly assisting the prosecution of the war, thus excluding all foreign issues, and endeavored to mobilize foreign securities with a view to supporting franc exchange. Unfortunately, investments had been encouraged before the war in Russian, Turkish and Balkan securities which were almost worthless as a means of establishing French credits in neutral markets. The French, moreover, did not favor securities in foreign currencies. For this reason several American railroads were required to place their issues on the Paris market in franc denominations. Though some of these securities were resold to American bankers and reconverted into dollar bonds, the bulk of them remained in Paris and could not be used for the "pegging" of exchange.

The author, like so many financial writers of the day, "takes his fling" at the policy of inflation. He notes that France was particularly guilty "in arbitrarily multiplying the instruments of purchasing power—and thereby driving out good money and propagating the lamentable illusion of prosperity through an excessive fiduciary currency" (pp. 314-315). To this he ascribes a large part of the fictitious rise in the market value of many securities.

The most interesting and instructive section of Dr. Bourbeau's book is the discussion of the need and the possibilities of Bourse reform in an appendix entitled "The Reorganization of the Paris Market." The old arrangement granting the syndicate of seventy *agents de change* a monopoly of transactions executed on the floor (*parquet*) of the Bourse is obsolete and ineffective. As a result, the bulk of security transactions are not executed on the *parquet*, and speculation is encouraged more than discouraged by the severe listing restrictions enforced by the French government through the syndicate. Because of their peculiar monopoly covering certain classes of transactions, the *agents de change* (who are supposed to act as mere intermediaries) take advantage of the opportunities to speculate on their own account and to "rig the market." The author thinks that the best plan for reform should favor the interests of the consumer and he quotes from Bastiat that "the consumer's interest is identical with the interest of humanity" (p. 382). What connection Bastiat's dictum has with effective stock exchange reform in Paris or elsewhere, the reviewer confesses himself as entirely ignorant.

A. M. SAKOLSKI.

CAMBON, V. *L'industrie organisée d'après les méthodes américaines*. (Paris: Payot. 1920. Pp. 268. 16 fr.)

CAMPBELL, H. B. *Legal aspects of the transfer of securities*. (New York: Doubleday, for Investment Bankers Assoc. of America. 1920. Pp. 100.)

CARLIOZ, J. *Le gouvernement des entreprises commerciales et industrielles.* (Paris: Dunod. 1921. Pp. vi, 319. 28 fr.)

COLE, W. M. *Bookkeeping, accounting and auditing.* (Chicago: Lincoln Inst. of Business. 1921. Pp. 479. \$3.)

Previously published under title *Accounting and auditing* by the Cree Pub. Co. in 1910.

COLE, W. M. *The fundamentals of accounting.* With the collaboration of ANNE ELIZABETH GEDDES. (Boston: Houghton Mifflin. 1921. Pp. xi, 434. \$3.50.)

COLLVER, C. *Industrial securities, an outline.* (New York: Doubleday. 1921. Pp. xiv, 115.)

This volume is one of a series published by the Education Committee of the Investment Bankers Association of America. It contains a syllabus of topics with references to collateral reading and explanatory comment; of special value are the chapters on Analysis of Income Accounts, and Special Financial Standards. At the end of the volume there is a bibliography.

COX, W. E. *Cost accounting for retail fuel dealers.* Bull. no. 138. (Seattle, Wash.: Univ. of Washington Press. 1920. Pp. 63. \$1.)

CUNNINGHAM, E. H. *Bookkeeping and elementary accounting.* (Portland, Me.: Author. 1920. Pp. 409.)

DUNCAN, C. S. *Business studies.* I, *Stock records and perpetual inventory* (pp. 16); II, *Methods of paying salesmen* (pp. 26); III, *Problems of sales management and sales conferences* (pp. 19); IV, *The broken package room* (pp. 20). (New York: Bureau of Business Research of the Southern Wholesale Grocers' Association. 1921.)

ELBOURNE, E. T. *Factory administration and cost accounts.* (London: Longmans. 1921. 45s.)

ESQUIVEL OBREGÓN, T. *Latin-American commercial law.* With the collaboration of E. M. BOURCHARD. (New York: The Banks Law Bk. Co. 1921. Pp. xxiii, 972. \$10.)

FOX, I. P. *One thousand ways and schemes to attract trade. Gathered from actual experiences of successful merchants.* (Boston: The Spatula Pub. Co. 1921. Pp. 195. \$1.50.)

GARBER, O. *Twentieth century bank accounting: a treatise on modern banking as illustrated in the business transactions which accompany this text.* (Cincinnati, O.: South-Western Pub. Co. 1921. Pp. 79. 60c.)

GREENWOOD, W. J. *American and foreign stock exchange practice, stock and bond trading, and the business corporation laws of all nations.* First American edition. (New York: Financial Books Co. 1921. Pp. xxi, 1048.)

DE HAAS, J. A. *Business organization and administration.* (New York: Gregg Pub. Co. 1921. Pp. ix, 353. \$1.60.)

HALL, S. R. *The advertising handbook: a reference work covering the principles and practice of advertising.* (New York: McGraw-Hill. 1921. Pp. ix, 743. \$5.)

HAMILTON, G. R. *Introduction to shoe store management*. In collaboration with F. R. BRIGGS, and others. (Boston: Retail Shoe Salesman's Inst. 1921. Pp. xi, 209.)

HARRISON, G. C. *Cost accounting to aid production. A practical study of scientific cost accounting*. (New York: Engineering Mag. Co. 1921. Pp. xvi, 234. \$7.50.)

In a number of articles appearing in *Industrial Management* between October, 1918, and March, 1920, which have been revised and elaborated to form the present volume, the author not only shows that cost accounting should be more concerned with making intelligent forecasts than in recording past events, but also demonstrates how such a thing is possible in many instances. Numerous quotations from historical, philosophical and general references add stimulus and interest, although in some cases the point of these illustrations is somewhat far-fetched. Some twenty-two charts and diagrams are used to good advantage on the whole, but a few might have been a little less complicated and would have accomplished the same purpose. The book is decidedly worth while and should interest the manufacturer as well as the engineer and accountant. Its arrangement, however, is not suitable for classroom purposes and could not be used to advantage by the teacher except for collateral reading.

M. J. SHUGRUE.

IVEY, P. W. *Principles of marketing: a textbook for colleges and schools of business administration*. (New York: Ronald. 1921. Pp. 351. \$3.)

JEVONS, H. S. *The economics of tenancy law and estate management, being a course of public lectures delivered in the University of Allahabad, February to April, 1921*. Bull. no. 17. (Allahabad, India: The University, Economics Dept. 1921. Pp. 114.)

KALES, A. M. *Estates, future interests, and illegal conditions and restraints in Illinois, 1920. A treatise on estates and future interests with an historical introduction*. Second edition, enlarged. (Chicago: Callaghan & Co. 1920. \$12.)

KITSON, H. D. *The mind of the buyer: a psychology of selling*. (New York: Macmillan. 1921. Pp. 210.)

KORZYBSKI, A. *Manhood of humanity: the science and art of human engineering*. (New York: Dutton. 1921. Pp. xiii, 264. \$3.)

LAGERQUIST, W. E. *Investment analysis*. (New York: Macmillan. 1921.)

LAHY, J. M. *Le système Taylor et la physiologie du travail professionnel*. (Paris: Gauthier-Villars. 1921. Pp. 216.)

LICHTNER, W. O. *Time study and job analysis*. (New York: Ronald. 1921. Pp. 397. \$6.)

MCCORMICK, H. H. and WILBER, C. H. *The salesman's rights under the federal and state laws as applied to interstate commerce*. (Chicago: Authors, Ashland Block. Pp. 30. \$1.50.)

MCJOHNSTON, H. *Business correspondence*. (New York: Alexander Hamilton Inst. 1921. Pp. xv, 322.)

- McKAY, C. W. *Telephone rates and values*. (Boston: Cornhill Pub. 1921. Pp. 243. \$4.50.)
- McLAUGHLIN, R. P. *Oil land development and valuation*. (New York: McGraw-Hill. 1921. Pp. viii, 196. \$3.)
- McMATH, J. C. *Speculation and gambling in options, futures and stocks in Illinois*. (Chicago: G. I. Jones. 1921. Pp. xxxvi, 70.)
- McMICHAEL, S. L. *Long term land leaseholds, including ninety-nine year leases*. (Cleveland, O.: Author. 1921. Pp. 190.)
- MANLY, J. M. *Better advertising: a practical manual of the principles of advertising*. (Chicago: F. J. Drake & Co. 1921. Pp. 157.)
- MEYER, H. H. B., chief bibliographer. *List of references on landlord and tenant, with special reference to recent rent increases*. (Washington: Library of Congress, Division of Bibliography. 1920. Pp. 9.)
- MOORE, W. C. *Wall Street, its mysteries revealed, its secrets exposed, together with a complete course of instruction in speculation and investment and rules for safe guidance therein*. (New York: Author. 1921. Pp. 144.)
- MUNSON, E. L. *The management of men*. (New York: Holt. 1921. Pp. 795. \$6.)
- MUSICK, W. L. *Practical bookkeeping and accounting*. (Chicago: Universal Textbook Co. 1921. Pp. 242.)
- OVERG, E. V. *Modern apprenticeships and shop training methods*. (New York: The Industrial Press. 1921. Pp. ix, 118. \$1.)
- PUTNEY, A. H. *Commercial law and interstate commerce, legal forms*. (Chicago: Lincoln Inst. of Business. 1921. Pp. v, 467. \$3.)
- RIETZ, H. L., CRATHORNE, A. R. and RIETZ, J. C. *Mathematics of finance*. (New York: Holt. 1921. Pp. xii, 280.)
Contains chapters on interest, annuities, valuation of bonds, mathematics of depreciation, the operation of funds in building and loan associations, theory of probability with special reference to its application in insurance, and the valuation of life insurance policies.
- RUSSELL, T. H. *Salesmanship and advertising*. *Real estate*, by G. W. KIRKMAN. (Chicago: Lincoln Inst. of Business. 1921. Pp. 328. \$3.)
- SAKOLSKI, A. M. *Elements of bond investment*. (New York: Ronald. 1921. Pp. 158. \$2.)

The author of this little volume limits his discussion to modern financial investment, which he considers to be "surrendering of purchasing power to another, with a view to obtaining a profit in addition to the amount surrendered" (p. 3), and still further, as the title of the volume indicates, to corporate bonds. The treatment throughout the book is brief and not intended to be exhaustive. It is a "first book" in bond investment. Bonds are classified into national government, state, county and municipal bonds, and railroad, public utility, and industrial bonds. Each type is briefly described and the important investment considerations noted. There is a short bibliography at the end of each chapter. The

chapter on financial statements contains a good outline of those parts of accounting theory most essential to an understanding of corporate affairs in their relation to investment bonds.

STANLEY E. HOWARD.

SAKOLSKI, A. M. *Railroad securities; a course of study with references.* (New York: Doubleday for Investment Bankers Assoc. of America. 1921. Pp. 105.)

This volume belongs to the series referred to above under Colver, and is a complement to the volume on *Railroad Securities* by Dr. Sakolski noted above. Like the other volumes in the series it contains a guide to the reading with references and bibliography. Some of the chapter headings are: Classes of railroad securities, Equipment trust certificates, Physical factors underlying investment values, Analysis of traffic, Railroad financial statements, Railroad capitalization, Railroad receivership, Railroad reorganization, and Marketing of railroad securities. The appendices contain the principal provisions of the Transportation act of 1920, and an analysis of savings bank laws with reference to railroad investments.

SHIDLE, N. G. *Finding your job.* (New York: Ronald. 1921. Pp. 200. \$2.)

SIKES, C. S. *Railway accounting.* Part I. (Chicago: La Salle Extension Univ. 1920. Pp. x, 140.)

SPENCER, W. H. *Law and business.* Vol. I. *Introduction.* Edited by L. C. MARSHALL. (Chicago: Univ. of Chicago Press. 1921. Pp. xv, 611. \$4.50.)

TODMAN, F. S. *Wall Street accounting.* (New York: Ronald. 1921. Pp. 352. \$6.)

TOLMAN, M. *Positions of responsibility in department stores and other retail selling organizations; a study of opportunities for women.* (New York: The Bureau of Vocational Information. 1921. Pp. 126.)

WATKINS, G. P. *Electrical rates.* (New York: Van Nostrand Co. 1921. Pp. 228.)

Accountants' index: a bibliography of accounting literature to December, 1920. (New York: American Inst. of Accountants. 1921. Pp. 1578. \$15.)

Consolidated tables of bond values. Pocket edition. (Boston: Financial Pub. Co. 1921. Pp. 751.)

Showing net returns from 2.90 to 15 per cent on bonds and other redeemable securities paying interest semi-annually.

Costs, merchandising practices, advertising and sales in the retail distribution of clothing. Six vols. (New York: Prentice-Hall. 1921.)

Issued by the Northwestern University School of Commerce, Bureau of Business Research, in coöperation with the National Association of Retail Clothiers.

Foremanship: the standard course of the United Y. M. C. A. Schools. Vol. IV. (New York: Assoc. Press. 1921. Pp. 218. \$9.)

Operating expenses in retail jewelry stores in 1920. Operating expenses in the wholesale grocery business in 1920. Bureau of Business Research bulls. no. 27 and 26. (Cambridge, Mass.: Harvard Univ. Press. 1921. Pp. 46; 27. \$1. each.)

The preparation and use of financial statements. (Chicago: Manufacturers' Assoc., 76 W. Monroe St. 1921. Pp. 19.)

Wills, estates, and trusts. (New York: Ronald. 1921. \$8.)

Capital and Capitalistic Organization

The Financial Policy of Corporations. By ARTHUR STONE DEWING. I, *Corporate Securities* (pp. 154); II, *Promotion* (pp. 173); III, *The Administration of Income* (pp. 164); IV, *Expansion* (pp. 234); V, *Failure and Reorganization* (pp. 196). Separate index for each volume and a general index covering all five of them. (New York: Ronald Press Company. 1920. \$12.00. There is a manual of problems to be used with these volumes, published in 1921.)

Professor Dewing's five-volume contribution to the literature of corporation finance will undoubtedly receive a warm welcome both by academic students and teachers and by practical financiers and other business men. The materials used in the compilation of this work have been carefully handled, well organized, and presented in an interesting language and in a suggestive as well as a descriptive style. The statements of fact in the body of the text are abundantly substantiated by footnote references and the footnotes contain also many concrete instances illustrative of the principles and facts stated in the text. The manual of problems contains material well calculated to facilitate the work of giving thorough instruction.

In volume I—*Corporate Securities*—common and preferred stocks, bonds secured by pledge of specific property, bonds secured by credit, equipment obligations and convertible issues are described and to some extent judged from the investor's point of view. The author seems to consider that the investing public and financial writers have been inclined to overrate bonds secured by pledge of specific property as compared with bonds secured by credit, as debentures. To quote: ". . . a default in the interest or principal of debenture bonds precipitates failure and receivership. In the final reorganization, securities are given a preference according to their relative priorities; and the question whether a security does or does not possess a lien on specific property is more a legal fiction than a matter of practical consideration" (p. 78). Similarly one gets from the discussion of preferred stocks (chap. 6) the impression that these securities are not as desirable for investment purposes as is commonly supposed.

The author proceeds at once to a discussion of the forms of corporate capitalization, with little or no attention, by way of introduction, to the nature, history and legal status of the corporation. In other words, these volumes are not to be considered "elementary" in the sense of "introductory." It is assumed that the reader has acquired either from observation and experience or from reading and lectures, or from both, a foundation body of information regarding the forms of business organization.

At the outset, there is recognized the importance of a clear use of the terms "capital," "capitalization," and "capital stock." The first, according to Professor Dewing, consists of actual property, that is, assets, used in the business. This is a use of the word which accords with the custom of the "street" and with the terminology of some (not all) theoretical economists. But that the author has throughout the work restricted the use of capital to this meaning, that is, of assets, is not clear; for we find (vol. III, p. 96) the expression "interest on capital," meaning fixed charges arising out of bond issues.

"Capitalization," to quote Professor Dewing, "is the sum of the various values by which the proprietary interests of a corporation care to evaluate the actual capital. That portion of the total capitalization of a business which they, the proprietors, claim represents their own personal capital, they call 'capital stock'; that portion which they admit is borrowed from others, they call 'debt'" (p. 5). These words would seem to imply no distinction, so far as capitalization is concerned, between temporary and permanent debt. Capitalization, then, working from the definition of capital already referred to, is equal to the sum of the assets, that is, the "capital." But further on (p. 6) we find the statement that "In a concrete case, it is often difficult to determine the exact amount of capitalization, because much corporate debt represents merely temporary borrowing more or less completely offset by an ever-changing volume of current assets. The idea, however, of capitalization is that it shall represent the capital stock and the permanent or funded debt. It is the total securities or representative values issued by the corporation against its actual property." It seems to the reviewer that either, according to Professor Dewing, current assets are not capital or that in these sentences just quoted there are two (contradictory) definitions of capitalization.

In chap. 3 of vol. III on *The Administration of Income*, in a discussion of the "cost of borrowed capital," it is clear that the author there thinks of capital as including very temporary investments in the business. For he includes among the forms of payment for borrowed capital discounts given and taken on merchandise sold and bought, interest charges paid to the banks in the form either of interest or of bank

discount, and interest charges paid to the public in the form of note interest. Hence we must conclude that the "idea of capitalization," namely, that "it shall represent the capital stock and the permanent or funded debt" only, is not consistently adhered to, and that there is some looseness in the use of terms. This is regrettable in a work which will probably be widely adopted as a text-book. It creates a difficulty which the forewarned instructor may, of course, overcome.

Volume II, on Promotion, treats of the task of the promoter and the banker in the formation of new enterprises, the general principles underlying the devising of the financial plan are laid down and then applied in turn to the manufacturing, public utility and railroad fields, and the process of marketing the new securities is described.

The Administration of Income (volume III), is of especial interest to the accountant. There is a brief introductory discussion of accounting theory in relation to corporation finance, and then more detailed consideration of the depreciation problem, the management of surplus and reserves, and the distribution of profits. It seems to the reviewer that there is in the chapters relating to reserves—whether for depreciation of fixed assets, for business contingencies, or for the amortization of bond issues—an unfortunate lack of precision in the use of terms. To be specific, Professor Dewing sometimes uses the term "reserve fund" when all that he apparently has in mind is a bookkeeping "allowance" or simply a "reserve," no fund at all in the sense of a group of assets. To quote: "The maintenance of the physical condition of the property is accomplished through direct expenditures for small repairs and regular contributions out of earnings to a reserve fund. . ." (p. 21).¹

Again, referring to the amortization of the discount on an issue of bonds, the author says regarding the deductions from earnings periodically made to cover this item, "it is not paid to the holders of the bonds but is paid into a reserve fund which will extinguish the bond discount at the time the bonds are due" (p. 39). Here is no fund of assets set aside. How can bookkeeping credits representing earnings be "paid into" anything? On page 64, however, Professor Dewing evidently has in mind in connection with reserves for business contingencies the maintenance of funds of assets, for he says (and properly, so far as corporate policies are concerned) that a railroad carrying its

¹ One might incidentally ask here how a contribution from earnings (which are merely increases of net worth) can restore the physical condition of a deteriorated fixed asset. Is not the situation this, that the deduction from earnings effects a marking down of the specific asset to bring its book value into approximate accord with the facts, and that the capital assets of the whole business are thereby maintained at their original worth, although not in their original form? Other fixed assets may have been purchased or the volume of current assets may have been increased.

own insurance on station property should not invest the "fund" in station property, and that a shipping corporation should not invest its insurance "fund" in any kind of property subject to the marine hazard. In this discussion there is a slight departure from the terminology employed in the two cases first cited. First, there is a discussion of the reserves to be set aside. Next, there is a discussion as to whether the assets of the corporation as they then stand shall be left undisturbed, or whether some of them shall be set aside to constitute a separate fund. Third, there is a (to the reviewer) backward step taken in the use of terms, for the statement is made that "if the insurance reserve funds accumulate in considerable amounts there is always a temptation to use the money for the general purposes of the corporation, where unquestionably it will earn more than in low interest paying readily marketable securities." This is confusing. Is a "reserve fund" a "reserve" or a "fund"? Is it a bookkeeping credit in the nature of an allowance or is it a group of assets? Of course, those already familiar with accounting and with corporation finance can usually determine for themselves the author's meaning in any given instance. But students approaching the subject for the first time, even if they have some knowledge of accounting, are slow to comprehend the separate steps in the procedure of making provision for such matters as the replacement of plant, the guarding against business contingencies, and the amortization of bonded debt.

Would it not be better to make at all times a clear distinction between a fund, meaning assets earmarked for a special purpose, and a mere bookkeeping reserve, an account with a credit balance? Let the word "fund" be used to refer to assets only. Let the word "reserve" be used in the sense of a bookkeeping allowance on the credit side of the ledger. Let the two words not be used together. Or, if it be objected that terminology in the field of banking, for example, has already appropriated the word "reserve" for use in reference to assets (in such phrases as "legal reserves" and "secondary reserves") let the word reserve be abandoned in dealing with the problems of financial policy here under discussion and the word "allowance" be substituted.

In volume IV—Expansion—there is a descriptive, historical and analytical discussion of modern big business. One thing that renders this discussion interesting is the attempt to make what the author calls the "law of balanced return" (akin to the "principle of diminishing returns" and to the "principle of proportionality") the foundation of the discussion. Industrial consolidations, railroad consolidations, the public utility holding company and the several forms of community of interest receive special attention. With business expansion comes, of course, the need for more capital and the need for more marketings of

securities, and the meeting of these needs is described in the concluding chapters of the volume.

In treating of Failure and Reorganization in volume V, the author goes below the surface in his analysis of the causes of failures and after outlining reorganization procedure in general, makes very special and detailed application of these principles to railroads with somewhat less specialized discussion of industrial reorganizations.

STANLEY E. HOWARD.

Princeton University.

NEW BOOKS

BALDWIN, D. C. *Capital control in New York*. (Menasha, Wis.: George Banta Co. 1920. Pp. xxiv, 255.)

This was prepared as a thesis for the degree of doctor of philosophy at the University of Pennsylvania. The book represents an intensive summary of the experience of New York. The contents may be summarized in part as follows: Part I, Statutory provisions for the administrative regulation of utility capitalization in New York; Part II, Original companies, with chapters on Amount of capitalization permissible, Ratio of stocks to bonds, Methods of control over the application of proceeds, The commissions and the investor, and The commissions and the courts; Part III, Additional capitalization for existing companies; Part IV, Refunding and reorganization; Part V, Consolidation, mergers and transfers of stock.

GECK, A. *Die Trustabwehrbewegung im deutschen Zigarettengewerbe*. Greifswalder Staatswissenschaftliche Abhandlungen, 5. (Greifswald: L. Bamberg. 1920. Pp. 249. 20 M.)

PARKER, J. S. and SMITH, J. B. R., editors. *The corporation manual*. Twenty-second edition, revised to January 1, 1921. (New York: U. S. Corporation Co. 1921. Pp. xv, 2062. \$20.)

PUTNEY, A. H. *Corporations; organization, financing, management*. (Chicago: Lincoln Inst. of Business. 1921. Pp. v, 408. \$3.)

SMITH, J. B. R., editor. *New York laws affecting business corporations*. Second edition. (New York: U. S. Corporation Co., 65 Cedar St. 1921. Pp. xxii, 248. \$2.)

TSCHIRSCHKY, S. *Zur Reform der Industriekartelle*. (Berlin: Springer. 1921. Pp. 96. 13.20 M.)

Labor and Labor Organizations

The High Cost of Strikes. By MARSHALL OLDS. (New York: G. P. Putnam's Sons. 1921. Pp. xvii, 286. \$2.50.)

Although the title indicates that this book is to be a condemnation of strikes the reader does not progress beyond the first few pages before he realizes that the author is cutting a much wider swath and is extending his condemnation to other activities and policies of labor

unions. Mr. Olds specifically disclaims any hostility to labor organization (p. xii), but he refers, in chapters 19 and 20, to the monopolistic form and predatory point of view of the modern labor group, and he urges that the Sherman Anti-trust law be invoked to bring about the dissolution of "labor monopolies." He would have them "reduced to a size commensurate with their normal functions and requirements which would be determined by a court on the merits of each individual case." Furthermore, while the discussion applies almost exclusively to labor troubles during the past few years when conditions were very unusual, the author's strictures upon the policies and methods of organized labor are generalized as though they applied to all times and conditions.

The case against strikes is summarized as follows: (1) Strikes are not only a general charge on the industry involved and on the country as a whole, but are a direct and specific tax upon the average individual. They have increased the price of vegetables 100 per cent, clothes \$20 to \$30 per suit, and coal 100 to 200 per cent. (2) Strikes cost the individual much more in indirect ways, *e.g.*, steel, coal, railroad, and building strikes have caused a housing shortage that has raised rents in New York an average of \$32 per month. (3) The cost of strikes is out of all proportion to the number of workers involved. "The strike of only a few thousand railroad workers at a time for a few months raised general prices over a billion dollars." (4) Strikes which compel the use in an industry of more laborers than are needed not only increase the cost of that product but they increase costs of production in other industries which are thereby prevented from securing an adequate labor supply. (5) The public suffers greatly because it is the strategy of unscrupulous leaders to force intervention by inflicting maximum injury on the public. (6) Labor is injured most by strikes since every workman suffers as part of the general public and in addition suffers because of the time lost directly or indirectly through strikes. (7) In 1919 strikes caused a primary loss of 134,000,000 working days and a secondary loss probably twice as great. (8) The great bulk of recent strikes have had no justifiable aim. (9) In some industries, such as clothing, where strikes seemed notably successful, the high wages obtained increased the price of the product and therefore caused a cessation of public buying. This resulted in general unemployment in the industry. (10) The chief results of recent strikes have been to increase the personal power of the union leaders and to foment radicalism and labor unrest.

The book will receive hearty welcome from poorly informed persons who are eager for available ammunition in criticism of labor organization and its leaders; it will be as violently rejected by professional labor leaders; while the student who is seeking a thoroughgoing analy-

sis and a dispassionate consideration of one of the most important economic problems confronting the nation, will find it very disappointing. The reviewer confesses that there are few pages in the volume which do not contain statements with which he disagrees.

The animus of the author may be deduced from his frequent repetition of such popular catch-phrases as "Lenine-Trotsky ideals," "Lenine-Trotsky methods," and "Lenine-Trotsky results." The type of "logic" which is frequently employed is suggested by the criticism of certain strikes which were inaugurated to secure higher wages and shorter hours. The particular strikes criticized, it is asserted, were unjustifiable because other groups of workers, *e.g.*, teachers and farmers, were at that time employed, in the one case, at lower wages and, in the other, for longer hours. Such extreme statements as the following are not likely to predispose a reader to accept the author's conclusions: "Neither the President of the United States nor any officer or group of officers in our entire government possesses the possibility of such power to injure all the rest of the people as is possessed and was exercised by the coal union leaders" (pp. 159-160).

Limitations of space restrict further dissent to two fundamental theses. (1) The impression is given that organized labor domination in any industry is conducive to strikes. This view is directly contrary to the conclusions reached by many students of labor organization. The comparative infrequency of strikes in the railroad, printing, brewing, and certain other industries is rather attributed to the strength of the organizations of the workers in those industries. The reasons for such conclusion have been set forth so clearly and so frequently by the Webbs in England, and by Janes, Weyforth, and others in America that they require no repetition. The frequency of strikes among the building trades is due, on the contrary, to *disorganization*. The labor troubles are chiefly jurisdiction disputes, the only remedy for which, in the opinion of the reviewer, is an abandonment of the innumerable craft unions, which cause disorganization within the industry, and the substitution of a single, all-embracing union of the industrial type.

(2) It is asserted (p. 76) that the "primary and basic and biggest reason" for the rise in the price level during and after the war "was strikes." As a matter of fact serious labor troubles were not especially numerous until after the price level had moved up considerably. Both the price advance and the "strike mania" were to a great extent stimulated by another influence—inflation.

The occurrence and persistence of strikes is deplorable—there is general agreement to this, at least. The author's suggestions for improving the situation are: (a) large-minded and conciliatory management; (b) better understanding of the relationship between the worker and

his job; (c) adoption of a plan for peaceful adjustment of difficulties patterned after the Mackenzie-King Canadian plan; (d) subject labor to the Sherman Anti-trust law, by withdrawing special privileges and exemptions now enjoyed; (e) make labor organizations legally responsible for their acts; (f) general adoption of the open shop policy.

NATHANIEL R. WHITNEY.

University of Cincinnati.

The Labor Movement; Its Conservative Functions and Social Consequences. By FRANK TANNENBAUM. (New York: G. P. Putnam's Sons. 1921. Pp. vii, 259. \$2.)

According to Mr. Tannenbaum, the two chief causes of the labor movement are the insecurity of the worker and his subjection to the machine. Repeated changes in industrial processes have caused insecurity to become the one outstanding fact in the life of every individual. The worker, especially, no longer enjoys stability in regard to his home, his employment, or his skill. Moreover, he is always the servant rather than the master of the machine. Every new mechanical device adds to the weight and controlling power of the machine which is already the center of our economic gravity. Control of the machine means the control of modern industry so labor must have such control before it can gain security. When labor organizations establish standard hours, wages and working conditions, they use the only means at hand for "stabilizing a dynamic world." The more union rules there are, the less will there be of "freedom of competition, of change, of contraction and expansion in the present business world." At present "for the worker all things are transitory" and all labor is routine, mechanical and non-educational. The labor movement is a conservative force which resists sudden, ruthless change, exalts the manhood of the worker above his machine, offers him an outlet for his suppressed emotions, and gives him room for the exercise of creative activity. The labor movement conserves the man. But it will destroy capitalism.

The author believes that the destruction of capitalism is implicit in the growth and development of organized labor. Even the so-called conservative unions, which claim to accept the present system, strike at capitalism every time they lay down new rules and secure their enforcement. In fact, one union is just as radical as another, so far as the ultimate, inevitable goal of all unions is concerned. Mere differences in method are not fundamental. Unionism of any kind is a constant menace to industrial autocracy.

Mr. Tannenbaum insists that the right to vote should not depend upon such characteristics as sex, color, and the possession of property. In the industrial democracy of the future, he suggests the probability

of a labor qualification for suffrage and declares that he sees nothing undesirable in the "dictatorship of the proletariat" in a society where classes are abolished and where all persons are productive workers. Parliaments, he believes, will be organized on the basis of industrial representation. Geographical distinctions will no longer be of importance. While there appears to be close connection with the guild socialists on this point, the author severely criticizes the latter for supplementing their proposed industrial parliament with a "national parliament." It is asserted that since all producers are consumers as well, a single congress chosen directly by the various producing groups will be able to care for all interests of the state.

In an industrial democracy there will be no revolutions, because there will be no classes against which revolts can be directed. Revolutions are class affairs. The time-worn plan of a uniform wage for all kinds of labor is suggested as the most desirable system of remunerating labor. It is argued that labor organizations today are constantly tending toward uniform wages for different employments within their several jurisdictions.

The book is written in an interesting style and careful attention has been taken to give it a scientific tone. In the earlier parts it gives promise of affording a well-constructed philosophy of labor organization. In the later chapters, the utopian element comes strongly to the fore, although the author gives us to understand that he merely throws out suggestions and is not sworn to a particular outcome. Very few concrete examples of union policies are stated in illustration of "conservative functions and social consequences," yet it is quite evident that Mr. Tannenbaum has seen unions work at close range.

An unusual feature of the book is a publisher's note in which G. H. P. criticizes some of the policies of union labor which cause public disorder and lessen output, and tactfully suggests that the author explain to the public in another volume how these policies can be justified. In rebuttal, the author assures G. H. P. that the things which cause the latter so much anxiety are merely the chips and refuse which litter the ground while the new temple of industrial democracy is in the process of erection.

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Industrial Government. By JOHN R. COMMONS and others. (New York: Macmillan. 1921. Pp. ix, 425. \$3.00.)

This book is the joint product of a group which spent several months in the study of a wide variety of types of industrial relationships under the leadership of Professor Commons. In the course of

their travels, they visited some thirty establishments, each selected because of some distinctive feature on which the relations between the employers and the workers turned. The group visits were later followed up by individual studies of particular plans.

The experience of fifteen of these concerns is described in this book, each in a separate chapter. In addition there are two chapters on the operation of local trade agreements, in the Rochester clothing market and the Toledo brewing industry, and one on the joint conference council set up by the employers and four national unions in the printing industry. The eighteen descriptive chapters are followed by five chapters of "inferences," four of which are credited to authors of one or more of the descriptive chapters. Some of the descriptive chapters and Professor Commons' inferences have been separately published in periodicals.

The descriptive chapters on the experience of the individual concerns are as interesting to read and as welcome for their content as any equal number of pages on employee representation that the reviewer has encountered in many a day. Ford, Dennison, Filene, and, of course, Hart, Schaffner and Marx are here. The history of the Packard Piano Company and the Demuth experiments, described in John Leitch's "Man to Man," is carried down to date, and the modification by the workers of an "industrial democracy" established after the Leitch pattern in a Cleveland clothing factory is also described. Adaptations from the old-style scientific management, a profit-sharing plan that failed to survive a wage reduction, and representation plans that grew out of less formal attempts to win the coöperation of the workers and are supplemental to other ties on which the employers mainly base their faith, add to the variety of the picture. Most of the stories are told in a colorful and attractive way, with the human interest note well sustained throughout.

Professor Commons' chapter of inferences is definite and thought-provoking. He boldly maintains that what labor wants most is not participation in the whole of management but security in a good job. The author of the chapter on principles of management, after what will seem to many an unnecessary lecture on the functions involved in management, excludes both labor and absentee owners from the determination of certain critical decisions and turns to the problem of training the executives who come into personal contact with the employees. In another chapter the possibilities and desirability of joint control over such matters as wages, individual output, discipline, general productive efficiency and distribution of employment are explored. This is a good piece of work. The methods followed in installing employee representation are reviewed in still another chapter, and those

that are considered best are held up for emulation. There is also a chapter on the practice of management. This runs largely to instructions as to the forms which should be used in the personnel department in keeping records. The book would lose little of its value for the lay student of industrial relations if this chapter were omitted.

D. A. McCABE.

NEW BOOKS

ASKWITH, LORD. *Industrial problems and disputes*. (New York: Harcourt, 1921. Pp. x, 494. \$5.)

COMMONS, J. R. and others. *History of labour in the United States*. Two vols. (New York: Macmillan. 1921. Pp. xxv, 623; ix, 620. \$10.50.)
A reprint.

COTTER, A. *United States steel: a corporation with a soul*. (Garden City: Doubleday. 1921. Pp. xii, 312. \$3.)

This book according to its publishers is planned as an open and above-board presentation of the development of a great business. The point of view of the author, however, is that the corporation is one enterprise that endeavors to live up fully to the responsibilities it must perforce assume to its employees and the public as well as to its stockholders and he believes that it has earned the title of "a corporation with a soul." This point of view colors the book from beginning to end and all incidents are painted in the purest white without even a shadow of criticism.

The organization, development, and policies of the corporation are outlined in some twenty-seven chapters. "The man at the helm" is the title of the prologue and the statement is made that "the story of United States Steel is the tale of how Gary made his dream come true." The result is an interesting but not a convincing book. One feels in reading some chapters that it is an attempt to answer the "Steel Strike Report" issued by the Interchurch World Movement. The idea is presented that the great corporation saved this country and even the world from being involved in a social revolution by its firm stand against compromises with the strikers. But that the strike was anything more than an ordinary one carried on in the usual way by the unions affiliated with the American Federation of Labor has never been proved. The fact that it was termed a "Hunkey strike" may imply that foreigners are not human beings and so need not be considered. A movement involving a large number of men must have some cause and it is claimed that the grievances were excessive hours of labor, the boss system, and the denial of the right to organize or to representation. Mr. Cotter implies that the twelve hour day and the twenty-four hour shift have been very exceptional, but if so why have even some of the stockholders of the corporation objected to the practice? The statement sounds like a lawyer's plea in avoidance. One may add that the denial of the right to organize and of union representation on the part of its workmen is a curious anomaly coming from a corporation representing the power of organization and representation raised to its nth power. The best form of government is said to be a benevolent despotism but the trouble is in being sure that it will be benevolent. In this country political equality and industrial autocracy are

opposites and a house divided against itself cannot stand. But it may well be that industrial efficiency and industrial democracy can work harmoniously together. The book is written in a picturesque style and while perhaps not intended primarily for the purpose of propaganda its whole spirit leads one to the conclusion that it ought not to be taken very seriously.

GEORGE M. JANES.

DELONDE, C. *Capital et travail*. (Paris: Perrin. 1921. 9 fr.)

DOUGLAS, P. H. *American apprenticeship and industrial education*. Columbia University studies in history, economics and public law, vol. XCV, no. 2. (New York: Longmans. Pp. 348. \$3.50.)

The author undertakes to cover a wide field. His work is comprehensive in a topical way and contains a mass of material conveniently arranged. It furnishes a helpful outline of the problem, a summary of what has been done, and an exposition of the many inadequacies of present practice. He has not, however, attempted a first-hand intensive study, on the ground, of the systems of industrial training of which he treats.

Apprenticeship is given but 73 pages, of which 32 pages are devoted to apprenticeship after the coming of the factory system. The treatment is largely concerned with machine-using trades. Not enough consideration is given to the trades in which apprenticeship is still the normal avenue of entrance. Experience with other systems of industrial education such as manual training, trade and industrial schools, plant schools and part-time schools is also summarized.

The necessity of vocational training and the methods and agencies which should be utilized in this are given an important place in the solution of the problem. There is a chapter, almost wholly deductive, on the economic consequences to be expected from proper industrial training. This leads to a brief discussion of trade-union attitudes and the points on which antagonism has developed in that quarter against plans put into operation and proposed. A program with seventeen planks is offered in the final chapter.

D. A. McC.

FEIS, H. *The settlement of wage disputes*. (New York: Macmillan. 1921. \$2.25.)

GLEASON, A. *Workers' education: American experiments*. Revised edition. (New York: Bureau of Industrial Research, 289 Fourth Ave. 1921. Pp. 87. 50c.)

GRAHAM, W. *The wages of labour*. (London: Fabian Bookshop. 1921. 5s.)

HANKS, E. E. *Administration of child-labor laws*. Part 4. *Employment-certificate system, Wisconsin*. Industrial series, no. 2. (Washington: Dept. of Labor, Children's Bureau. 1921. Pp. 159.)

HAUTECOEUR, L. *L'agitation des ouvriers métallurgistes en Italie*. (Paris: Boul. Saint-Germain, 282. 1921. Pp. 91.)

HERON, H. *The workers' conference; how to make it go*. (Cincinnati: The Standard Pub. Co. 1921. Pp. 141.)

HOWARD, E. D., compiler. *The Hart, Schaffner & Marx labor agreement; industrial law in the clothing industry*. New edition. (Chicago: Hart, Schaffner & Marx. 1920. Pp. xi, 97.)

- HYNDMAN, H. M. and DUKE OF NORTHUMBERLAND. *The cause of industrial unrest. A debate.* (London: Patterson & Manger. 1921. 3d.)
- JOHNSON, J. E., compiler. *Selected articles on unemployment. Debaters' handbook series.* (New York: H. W. Wilson. 1921. Pp. 309. \$1.80.)
This is a second edition of a compilation first issued in 1915. About fifty pages of new matter have been added.
- JOHNSON, G. F. and others. *The management and the worker.* (Chicago: A. W. Shaw. 1920. Pp. 256. \$3.)
- JONES, W. *Capital and labour: their duties and responsibilities.* (London: King. 1921. Pp. 168. 2s. 6d.)
- LANE, W. D. *Civil war in West Virginia. A story of the industrial conflict in the coal mines.* Introduction by JOHN R. COMMONS. (New York: Huebsch. 1921. Pp. 128. 50c.)
- LOWE, B. E. *The international protection of labor.* (New York: Macmillan. 1921. \$2.50.)
- LUDLAM, H. E. B. *Industrial democracy and the printing industry.* (London: Author, 124 Harnall Lane, E., Coventry. 1921. Pp. 15. 3d.)
- MCLEAN, D. A. *The morality of the strike.* Introduction by REV. JOHN A. RYAN. (New York: P. J. Kenedy. 1921. Pp. x, 196. \$1.75.)
- SANDERS, W. S. *The international labour organisation of the League of Nations.* Fabian tract no. 197. (London: The Fabian Soc. 1921. Pp. 14. 2d.)
- SOLANO, E. J., editor. *Labour as an international problem.* (New York: Macmillan. 1920. Pp. xl, 345. \$7.)
- TURMANN, M. *Problèmes sociaux du travail industriel.* (Paris: Gabalda. 1921. Pp. 241. 7 fr.)
- Collective bargaining.* The University of North Carolina Record, extension series no. 40. (Chapel Hill, N. C.: University. 1920. Pp. 75.)
Brief and arguments with extracts from articles published in periodicals.
- Equal opportunity for women wage earners; facts vs. fiction.* (New York: National Consumers' League, 44 E. 23d St. 1920. Pp. 10. 5c.)
- Industrial posture and seating.* Special bulletin. (Albany, N. Y.: N. Y. Dept. of Labor. 1921. Pp. 56.)
- The Kansas Court of Industrial Relations.* (Topeka: Kansas Court of Ind. Relations. 1921. Pp. 46.)
- Labour turnover in munition and other factories; statistical study by the Industrial Fatigue Research Board.* (London: King. 1921. 3s.)
- Report of the executive committee of the Labour party.* (London: Labour Party, 33, Eccleston Square, S. W. 1.)
- Wages, standard time rates, and hours of labour in the United Kingdom at 31 December, 1920.* (London: King. 1921. 2s. 6d.)

Money, Prices, Credit, and Banking

NEW BOOKS

AYRES, L. P. *Price changes and business prospects.* (Cleveland, O.: Cleveland Trust Co. 1921. Pp. 27.

BOWLEY, A. L. *Prices and wages in the United Kingdom, 1914-1920.* The Carnegie Endowment for International Peace. (London: Oxford Univ. Press. 1921. Pp. xx, 223. 10s. 6d.)

DAMIRIS, C. J. *Le système monétaire grec et le change.* Three vols. (Paris: Giard. 1920. Pp. 363; 359; 238. 70 fr. complete.)

This is a critical study of the monetary experience of Greece in recent years with particular reference to the period 1910 to 1920 inclusive. The book is primarily concerned with the functioning of the Greek currency system under the famous law of March 19, 1910. After a brief discussion of the events leading to the passage of this law, Dr. Damiris enters upon a careful analysis of the law and shows how remarkably well it functioned until Greece, becoming a belligerent nation, was forced by the exigencies of war, to a policy of inflation that led to an extensive currency depreciation with all its attendant evils. The problem of how Greece can best return to a stable currency basis is discussed, and in this connection the author makes a strong case for a return to the essentials of the law of 1910. The book is a scholarly and well-documented account of an important recent chapter in monetary history.

E. W. K.

GREGORY, T. E. *Foreign exchange before, during, and after the war.* (London: Oxford Univ. Press. 1921. Pp. 116. \$1.)

Although this little book does not in any way pretend to be an exhaustive treatment of the problems of foreign exchange it gives an excellent treatment of fundamental principles. The author divides exchange experts at present into two camps: those who believe that the exchanges are dislocated because of inflation, and those who think the cause is to be found in an adverse trade balance. He defends the first of these positions and maintains convincingly that an excess of imports over exports is an effect and not a cause. As the author concludes in the last chapter, the lesson can be very simply summed up in two words and they are: Stop inflation.

M. J. S.

HAHN, L. A. *Volkswirtschaftliche Theorie des Bankkredits.* (Tübingen: Mohr. 1920. Pp. vii, 174. 28 M.)

HAMLIN, C. S. *Index-digest, federal reserve bulletin.* Vols. I-VI inclusive. (Washington: Federal Reserve Board. 1921. Pp. 249.)

HARE, SIR L. *Currency and employment. Deflation of the currency, a reply to the anti-deflationists.* (London: King. 1921. Pp. 59. 2s. 6d.)

LEHMANN, M. *Der Begriff des angemessenen Preises.* (Marburg: El-wertsche. Verlag. 1921. 25 M.)

MATTHEWS, P. W. *The bankers' clearing house: what it is and what it does.* (London: Pitman. 1921. Pp. 168. 7s. 6d.)

MILLER ZU AICHHOLZ, V. *Oesterreichische Münzprägungen 1519-1918.* (Vienna: Münzkabinett. 1920. 1,000 Kr.)

PUTNEY, A. H. *Currency, banking and exchange*. (Chicago: Lincoln Inst. of Business. 1921. Pp. vii, 418.)

RADOUANT, J. *Les rapports de la Banque de France et de l'Etat particulièrement pendant la guerre de 1914*. (Paris: Rousseau. 1921.)

ROSS, V. *A history of the Canadian Bank of Commerce, with an account of the other banks which now form part of its organization*. Vol. I. (Toronto: Oxford Univ. Press. 1920. Pp. xvi, 516.)

This is an exceptionally interesting volume, attractive in typography and the printer's art. This first volume deals with the early banking history of Canada and the five banks from which the Canadian Bank of Commerce had its origin. The work is embellished with many illustrations and appendices containing documentary material. The illustrations include well-chosen photographs of early bank notes, coins, and banking buildings, provided by Sir Edmund Walker, president of the bank.

RUSHFORTH, F. V. *The Indian exchange problem*. (London: Oxford Univ. Press. 1921. Pp. 39. \$1.15.)

This pamphlet contains a brief exposition of the theory and practice of rupee-sterling exchange with special reference to the events which followed the introduction in February 1920 of the policy of creating a stable relationship between the rupee and gold. The analysis presented here will be found of interest to students and to business men who have been perplexed by the wide fluctuations in rates which have been experienced since Indian exchange broke away from its traditional parity at one and four pence per rupee.

M. J. S.

STOEHR, K. F. *Der Baukredit*. (Munich: Schweitzer. 1921. 12 M.)

STREET, G. S. *On money, and other essays*. (London: Constable. 1921. Pp. 227. 3s. 6d.)

WALLENBERG, M. M. *The reciprocal treatment of branches of foreign banks in different countries*. Issued by the League of Nations, Provisional Economic and Financial Committee. (London: King. 1921. 2s.)

WALLIS, P. and WALLIS, A. *Prices and wages. An investigation of the dynamic forces in social economics*. (London: King. 1921. Pp. xii, 456. 25s.)

The central thesis of this work is that the normal price of any commodity is the ratio of the labor time required to produce that commodity as compared to the labor time necessary to produce the gold in the monetary unit. Presumably, most economists would admit that this relationship tends to hold true in a very rough way. The authors, however, attempt to prove that this is the essential explanation of commodity prices and that other forces, such as the stock of gold on hand or of money in circulation, are of no importance. Rather voluminous statistical material is presented in an effort to substantiate this contention. Apparently, however, the authors themselves realize that the evidence is scarcely sufficient immediately to convince the skeptic, for a large part of the book is devoted to explaining why the actual figures fail to correspond with the quantities demanded by the hypothesis. Whenever the figures seem to verify the theory set forth, the proof is at once accepted as conclusive, no effort being made to test the possibility of the relationship be-

ing due to other causes. In the opinion of the reviewer, the book adds nothing of moment to the theory of value.

Certain chapters, however, do contain material of distinct interest. The description of the national income and its division is clear and well presented and the method used in this analysis is apparently statistically sound. The widespread tendency of wages and salaries normally to absorb about 64 per cent of the net value product of mines and factories seems to be rather definitely established. The chapter on "Capital" performs a decided service in emphasizing the point that modern private saving does not consist in the storage of goods but rather in the accumulation of claims upon that constantly produced stream of commodities and services commonly known as the national dividend.

In the chapter on "Profit and Unemployment," the unique theory is set forth that profits, rent, and interest are only possible when unemployment prevails and that the extent of the rewards to entrepreneurs and property owners is correlated with the degree of unemployment. The reasoning used to bolster up this theory is more novel than convincing.

The final chapter may well be commended to the attention of those interested in the technical difficulties necessarily incidental to the operation of an industrial democracy or a socialistic state. The book closes with a suggestion that the government prevent exorbitant private profits and eliminate unemployment by keeping on hand factories to be leased to the unemployed workers in times of business depression. The details of this plan are not worked out but are wisely left to the ingenuity of the readers.

WILLFORD I. KING.

WIPRUD, A. C. *The federal farm-loan system in operation.* (New York: Harper. 1921. Pp. xix, 258. \$2.)

YVES-GUYOT AND RAFFALOVICH, A. *Inflation et déflation.* (Paris: Alcan. 1921. Pp. 278.)

Contains chapters on inflation in France, going back to the time of John Law of England, beginning with the suspension of specie payments in 1797 in England, the United States, Italy, Austria-Hungary, Russia, Greece, and South America. Book III deals with the financial policy of the principal countries since 1914 in the use of credit money. Book IV deals with deflation.

Acceptances: their importance as a means of increasing and simplifying domestic and foreign trade. (New York: Am. Exchange National Bank. 1921. Pp. 106.)

Digest of decisions relating to national banks, 1912-1920, with appendices. (Washington: Comptroller of the Currency. 1920. \$1.)

How business with foreign countries is financed. (New York: Guaranty Trust Co. 1921. Pp. 74.)

The law of banks and banking. (New York: Financial Pub. Co. 1921. \$12.)

National banking under the federal reserve system. (New York: National City Bank. 1921. Pp. 152.)

Report of the Federal Trade Commission on the causes of high prices of

farm implements. (Washington: Federal Trade Commission. 1920. Pp. 713.)

Report of the proceedings of the twenty-fifth general meeting of Crown Mines, Ltd., held at Johannesburg, May 26, 1921. (Johannesburg, South Africa: Crown Mines, Ltd. 1921. Pp. 16.)

This contains a considerable amount of statistical data in regard to the working costs of gold mining, and also some comment as to the relation of these costs to the currency question.

Retail prices, 1913 to December, 1919. Bureau of Labor Statistics, bull. no. 270. (Washington: Dept. of Labor. 1921. Pp. 498.)

Public Finance, Taxation, and Tariff

The Fundamental Principles of Taxation in the Light of Modern Developments. By SIR JOSIAH STAMP. (London: Macmillan Company. 1920. Pp. xi, 201. 10s. 6d.)

This book contains six lectures originally delivered at University College, London, with very little attempt at rearrangement or modification. Hence there is a tendency to concentrate on a few striking points rather than to give an all-around view of the subject-matter; hence also there are passages in which the argument is too condensed to be easily followed by the reader unless he is already well acquainted with the subject. In spite of these objections the amateur student of taxation will find the book very interesting, even amusing; and the professional economist will rejoice to see such a combination of sound theory with administrative sagacity. The problem of tempering justice with expediency in the distribution of public burdens is one of the most difficult in applied economics, and few of those who have tackled it have had as much of both academic training and administrative experience as has Dr. Stamp.

In the first chapter there are five tests suggested for the measure of tax-paying ability, viz.: the "time element," the "economic" or "pure income" aspect, the "precarious" or "earned" income discrimination, "domestic circumstances," and the "economic surplus" distinction. This analysis furnishes the framework for that and the following chapter.

It has occurred to the reviewer that there is even more in this "time element" than the author thought. Is not the distinction between "earned" and "unearned" income really based on the fact that incomes that are equal, when reckoned on an annual basis, become unequal, if a sufficient period of time be taken? If we were accustomed to collect income taxes on a fifty-year accounting basis there would be little need to allow deductions for possible "precariousness of employment, sickness, old age, and other infirmities," as these contingencies would not be "possible," but would have occurred, and the income would actually

have been reduced by them. The individual who depends upon his own activities for his income resembles in some respects an entrepreneur, whose profits may fluctuate from year to year; in other respects he resembles a capitalist whose capital is of limited life, and whose realized income therefore includes a certain amount of his principal. If he kept as elaborate accounts as a modern business corporation does, he would be compelled to establish "reserves" against the contingencies mentioned above, including a reserve against the depreciation of his own earning capacity, before declaring any dividend. But neither an individual nor a business corporation would need to set up any reserves if they drew up their accounts only at the expiration of periods as long as the life of their capital assets. In other words, the natural accounting period of a man working for his income is his life-time, and it is only because we are compelled for practical reasons to assess his income every year that we must allow him deductions not allowed to the recipient of income from property. In this connection it is necessary to state that the author seems to misunderstand Professor Taussig's views on this matter. I have been unable to find in Taussig's *Principles* the two quotations attributed to him by Dr. Stamp on his page 179. On the other hand, in volume II, page 490, he speaks of the "moral obligation" resting on the recipient of an unfounded income, to save part of it, as a justification for lesser taxes on such income; and on page 495 he speaks favorably of progressive taxation of funded income as a means of confiscating saver's rent.

The discussion of "Death duties" in chapter 5 is extremely interesting, especially the part that is concerned with their effect on the formation of capital. Ordinarily, it is said that the heir, being compelled to pay an inheritance tax, will regard it as a deduction from capital and make no attempt to save the amount from his subsequent income, whereas if it were taken from him by an income tax he would economize in consequence. Dr. Stamp's discussion is from an entirely different point of view; he analyzes the psychology, not of the heir, but of the decedent: will he save more, anticipating an inheritance tax, than he would if the same sum were taken during his lifetime by an income tax? The answer is, obviously, "Yes." Here again a slight correction is called for: opinion in the United States has not hardened enough against the federal inheritance tax so that there seems to be any immediate likelihood of its repeal, and there are many who think that the states alone cannot succeed in imposing very high rates on inheritances.

In the last chapter the author takes up possible ulterior objects of taxation, such as suppression of vices, redistribution of wealth, and the benefits supposed to be obtainable through a protective tariff.

Here, as in the rest of the book, there is that absence of doctrinairism, that willingness to face facts and to allow for prejudices, which we have learned to expect in Dr. Stamp's works. The reader's regret that the book is so short will be tempered by admiration for the skill with which it is brought to an end.

RUFUS S. TUCKER.

Harvard University.

NEW BOOKS

- CASTENHOLZ, W. B. *Syllabus of income tax procedure for 1920 returns; digest, formulas, tables, calculating charts.* (Chicago, Ill.: La Salle Extension University. 1921. Pp. vii, 90.)
- CLEVELAND, F. A. and LINDSAY, S. McC. *National expenditures and public economy. Proceedings*, vol. IX, no. 3. (New York: Academy of Political Science, Columbia Univ. 1921. Pp. 208. \$1.50.)
- HUNTINGTON, C. W. *Enclaves of single tax, being a compendium of the legal documents involved, together with a historical description.* (Harvard, Mass.: Fiske Warren. 1921. Pp. 150.)
- KELLEY, F. E. *A history of public-school support in Minnesota, 1858 to 1917.* Current problems, no. 12. (Minneapolis: Univ. of Minnesota. 1921. Pp. ix, 103. 75c.)
- KIMBER, A. W. *Kimber's record of government debts and other foreign securities.* Fifth annual edition. (New York: A. W. Kimber & Co. 1921. Pp. ix, 542.)
- KING, C. L., editor. *Taxation and public expenditures. Annals*, vol. XCV (no. 184). (Philadelphia, Pa.: American Academy of Political and Social Science. 1921. Pp. iv, 314.)
- LARDEUR, G. *La liquidation des dettes d'avant-guerre.* (Paris: Lib. Soc. des Juris Classeurs. 1921.)
- DE MARCÉ, V. *La cour des comptes en Italie et en Allemagne.* (Paris: Roustan. 1920. Pp. 32.)
- MARION, M. *Histoire financière de la France depuis 1715.* (Paris: Rousseau. 1921.)
- MCCLEARY, J. T. *Protection, our proper permanent policy.* (Washington: National Tariff Inst. 1921. Pp. 544. \$3.50.)
- MEYER, H. H. B., compiler. *List of recent references on the income tax.* (Washington: Library of Congress. 1921. Pp. 96. 20c.)
- MICHENER, A. M. *The budget system of Frankfort-on-the-Main.* (White Plains, N. Y.: Westchester Printing Service. 1920. Pp. 127.)
- NELSON, H. B. *The Wisconsin income tax.* Commercial education series. (Madison: Extension Div., Univ. of Wisconsin. 1921. Pp. 191. \$4.)
- POWELL, H. M. *Taxation of corporations and personal income in New York.* Vol. I. *Corporations, real and personal property.* Fourth edition. (New York: Boyd Press. 1921. Pp. xxxviii, 548.)

SELIGMAN, E. R. A. *The shifting and incidence of taxation*. Fourth edition, revised. (New York: Columbia Univ. Press. 1921. Pp. xii, 431.)

SELLS, E. W. *Why not lessen the evils of present taxation?* (New York: Haskins & Sells, 37 W. 39th St. 1921. Pp. 12.)

TAUSSIG, F. W., compiler. *Selected readings in international trade and tariff problems*. (Boston: Ginn. 1921. Pp. 600. \$3.)

New York state franchise tax on business corporations. (New York: Equitable Trust Co. 1921. Pp. 30.)

Prentice-Hall federal tax service for 1921. Two vols. (New York: Prentice-Hall, Inc. 1921. Pp. 1200. \$60.)

Proceedings of the National Tax Association conference, held at Salt Lake City, Utah, September, 1920. (New York: National Tax Assoc. 1921. Pp. ix, 465.)

Among the subjects discussed were: "The taxation of oil properties," by Frank Orr; "Recent tax developments in Western Canada," by A. B. Clark; "The gross sales or turnover tax," by M. D. Rothschild; "The exemption of mortgage interest as a solution of the housing problem," by R. M. Haig; "Some aspects of the problem of uniform state income tax legislation," by H. L. Lutz; "Domicile in state personal income taxation," by I. L. Shaw, and a series of papers on mine taxation.

A proposal for government reorganization; published in the interest of national economy. (New York: National Budget Committee, 7 West 8th St. 1921. Pp. 69. 25c.)

Sinclair-Murray explanatory income tax returns. (New York: Sinclair-Murray & Co., 565 Fifth Ave. 1921. Pp. 97. \$10.)

Prepared in Washington, D. C., in February, 1921, under the supervision of Judge T. T. Ansberry.

Treasury decisions under customs and other laws. Vol. 39, January-June 1921. (Washington, D. C.: Supt. of Docs. 1921. \$1.50.)

The Wisconsin income tax. Instructive papers for home study, extension division of the University of Wisconsin. (Madison: Univ. of Wisconsin. 1921. Pp. 191.)

The tax law is taken up by sections, with explanations and examples of application of rates.

Population and Migration

NEW BOOKS

BUREAU, P. *L'indiscipline des mœurs*. (Paris: Bloud et Gay. 1921. Pp. 608.)

Discusses the depopulation of France.

CALDWELL, A. B., editor. *History of the American negro*. Vol. IV. North Carolina edition. (Atlanta, Ga.: A. B. Caldwell Pub. Co. 1921. Pp. 864.)

COLE, W. I. *Immigrant races in Massachusetts. The Greeks*. (Boston: Mass. Bureau of Immigration. 1921. Pp. 6.)

- CONNOR, R. D. W. *Race elements in the white population of North Carolina*. (Raleigh, N. C.: North Carolina College for Women. 1920. Pp. 115. \$1.)
- HABERLANDT, M. *Die Völker Europas und des Orients*. (Leipzig: Bibliographisches Inst. 1920. Pp. vii, 273. 36 M.)
- KELLOR, F. A. *The federal administration and the alien; a supplement to "Immigration" and the future*. (New York: Doran. 1921. Pp. xiv, 80. 50c.)
- KREBS, N. *Die Verbreitung des Menschen auf der Erdoberfläche*. (Leipzig: Teubner. 1921. 2.80 M.)
- KROEBER, A. L. and WATERMAN, T. T. *Source book in anthropology*. (Berkeley, Cal.: Univ. of California. 1920. Pp. 565. \$2.50.)
- MARIANO, J. H. *The second generation of Italians in New York City*. (Boston: Christopher Pub. House. 1921. Pp. x, 317. \$3.)
- MEYER, E. C. *Infant mortality in New York City; a study of the results accomplished by infant-life saving agencies, 1885-1920*. (New York: Rockefeller Foundation, International Health Board. 1921. Pp. 135.)
- PELL, C. E. *The law of births and deaths*. (London: T. Fisher Unwin. 1921. 12s. 6d.)
- PHELPS, E. M., compiler. *Selected articles on immigration*. The handbook series. (New York: Wilson. 1921. Pp. xi, 370. \$1.80.)
- PULTENEY, I. *Problems of the birth-rate. A lecture given at the Mary Summer House on Oct. 20, 1920*. (New York: Macmillan. 1921. Pp. 12. 30c.)
- SALEEBY, C. W. *The eugenic prospect*. (London: T. Fisher Unwin. 1921. 12s. 6d.)
- STEELE, G. *Infant mortality in Pittsburgh: an analysis of records for 1920 with six charts*. Children's Bureau, bull. no. 86. (Washington: Dept. of Labor. 1921. Pp. 24.)

Social Problems and Reforms

Great American Issues, Political, Social, Economic. By JOHN HAYS HAMMOND and JEREMIAH W. JENKS. (New York: Charles Scribner's Sons. 1921. Pp. 258.)

Under four main heads: I, Problems of Government, II, Problems of Labor, III, Problems of Business, and IV, Remedial Suggestions, the authors have attempted to discuss myriad questions. The result is what might have been anticipated. In 256 pages only the high spots can be touched—some with fairy lightness; steps in the chain of reasoning are omitted; and an occasional broad generalization totters without visible support.

As the outstanding example of incomplete discussion chapter XVI may be cited. In these twelve short pages the authors "examine briefly

the main points" of socialism, anarchism, trade unionism, guild socialism, syndicalism, and sovietism. However excellent may be the selection of "main points," it is questionable whether any whole-hearted socialist, anarchist, trade unionist, syndicalist, or bolshevist would feel that his case had been fairly stated; likewise the opponents of these gentlemen might consider themselves slighted. Again, in a rapidly moving chapter on the tariff, a whole page is devoted to the incidence of the burden of the tax. The reader learns that sometimes the consumer bears the tax in increased prices of the imported article, that other times the foreign producer has to lower his charge and bear the tax, and that there are cases in which both these events occur. In this connection, however, the authors seem completely to ignore the possibility of consumers paying enhanced prices for the protected home product.

It is not always possible to follow the argument closely. In developing the proposition that "As a broad principle our export trade should not be increased without reference to the rate of increase in our domestic trade," occurs this sentence: "If we increase their volume (exports) beyond the point at which they represent chiefly the sale of a marginal surplus, our manufacturers will be under great pressure to lower the cost of production, in order to meet that of foreign countries, and this process may well involve lowering the wage standard of American labor" (p. 76). Just what is this marginal surplus that may with safety be sold abroad? Is it not questionable whether a fight for foreign markets, involving, presumptively, increased production in the United States could itself force down wages?

Wisely the authors argue that the standard of living of the masses in America should constantly, if necessarily slowly, rise (chapter VII). Later, in an exposition of the advantages of protective tariffs, they speak of "beneficial influences on other industries—retained because of the increased demands for goods caused by the increased density of population" (p. 190). Is it not the fact that in the United States of 1921 increasing density of population is one of the strongest forces tending to hold the standard of living down? At least that is one of the notions in the heads of those who have worked for restriction of immigration.

A treatment of *Great American Issues, Social, Political, Economic*, seems incomplete without a more adequate statement of the railway situation, of the national fiscal dilemma, of the plight of the Shipping Board, and of the increasing proportion of tenant farmers. Yet the authors have attempted so much that they should hardly be asked for more. On the other hand, this work has its elements of strength. There is a decidedly good summary of the lot of the able, conscientious man

who enters politics, only to meet repeated humiliation. The merits of the engineer as material for public administrative offices are admirably set forth. The general tone is fair; the illustrations are interesting and well chosen from a broad range of facts. The reader is carried along by the vigorous handling of the subjects. Above all the writers succeed in their main purpose of impressing the tremendous gravity of the present problems of the United States.

FRANK H. STREIGHTOFF.

Indiana University.

NEW BOOKS

- ABEL, M. H. *Successful family life on the moderate income.* (Philadelphia, Pa.: Lippincott. 1921. Pp. xii, 247. \$2.)
- AGAR, F. A. *Modern money methods for the church.* (Philadelphia, Pa.: Judson Press. 1921. Pp. 162. \$1.)
- ANDREWS, I. O. and HOBBS, M. A. *Economic effects of the world war upon women and children in Great Britain.* Carnegie Endowment for International Peace, preliminary economic studies of the war, no. 4. Second revised edition. (New York: Oxford Univ. Press. 1921. Pp. ix, 255. \$1.)
- BERKSON, I. B. *Theories of Americanization: a critical study, with special reference to the Jewish group.* (New York: Teachers College, Columbia Univ. 1920. Pp. viii, 226. \$3.)
- BURR, W. *Rural organization.* (New York: Macmillan. 1921. \$2.25.)
- CESTRE, C. *Production industrielle et justice sociale en Amérique.* (Paris: Garnier. 1921. Pp. 340.)
- CHUTE, C. L. *Probation in children's courts.* Children's Bureau publication no. 80. (Washington: Dept. of Labor. 1921. Pp. 32.)
- CLSOE, C. L. *Welfare work in the steel industry.* (New York: U. S. Steel Corporation, Bureau of Safety, 71 Broadway. 1920. Pp. 45.)
- CLUTTON-BROCK, A. and others. *Essays on vocation.* Essays designed to meet after-the-war conditions, second series. (New York: Oxford Univ. Press. 1921. Pp. 76. \$1.75.)
- DADISMAN, A. J. *French Creek as a rural community.* Bulletin 176. (Morgantown, W. Va.: Agri. Experiment Station. 1921. Pp. 23.)
- DAVIS, M. M., JR. *Immigrant health and the community.* Americanization Studies. (New York: Harper. 1921. Pp. xxvii, 481. \$2.50.)
- DEVINE, E. T. *Social work.* (New York: Macmillan. 1921.)
- EARP, E. L. *Rural social organization.* (New York: Abingdon Press. 1921. Pp. 144.)
- EDDY, A. J. *Property.* (Chicago: McClurg. 1921. Pp. 254. \$2.50.)
- ELDRIDGE, S. *Social legislation in Illinois: needs and opportunities in 1921.* (Rockford, Ill.: W. M. Shimmin & Co. 1921. Pp. 110. \$1.50.)

The recommendations made to the recent Illinois legislature in the field of social legislation are embodied in this small book. The suggestions

are based largely on material coördinated from existing reports or studies, but these are so extensive that a considerable array of recommendations seems amply justified. The ground covered includes subjects such as feeble-mindedness, jails, adult probation, dependent children, rural schools, public health, child labor, minimum wage laws, social insurance, housing, and reform in organization of local government. The survey abounds in practical suggestions but does not attempt a complete itemization of the various legislative needs. Rather it presents the problem in non-technical English and expects the lawmakers to give legal expression to its suggestions.

G. B. MANGOLD.

ENSIGN, F. C. *Compulsory school attendance and child labor.* (Iowa City, Ia.: Athens Press. 1921. Pp. ix, 263.)

FERNALD, M. R., and others. *A study of women delinquents in New York state.* (New York: Century. 1921. \$5.)

GALLOWAY, T. W. *The sex factor in human life; a study outline for college men.* (New York: American Social Hygiene Assoc. Inc. 1921. Pp. 142.)

GRAPER, D. *American police administration. A handbook on police organization and methods of administration in American cities.* (New York: Macmillan. 1921. Pp. vii, 357. \$3.50.)

HAYES, E. C. *Sociology and ethics; the facts of social life as the source of solutions for the theoretical and practical problems of ethics.* (New York: Appleton. 1921. Pp. viii, 354.)

HENDRICKS, G. P. *Handbook of social resources of the United States.* (The American Red Cross: Washington, D. C. 1921. Pp. lxx, 300.)

This is a valuable handbook of organizations, societies and agencies concerned with various aspects of the social and economic organization of the United States. The subject index of agencies covers nearly 50 pages.

HILL, O., and others. *House property and its management.* (London: Allen & Unwin. 1921. Pp. 96. 3s. 6d.)

HOLDEN, A. *The settlement idea.* (New York: Macmillan. 1921.)

JORDAN, R. H. *Nationality and school progress; a study in Americanization.* (Bloomington, Ill.: Public School Pub. Co. 1921. Pp. 105.)

KAHN, O. H. *Pressing problems and some suggestions.* An address delivered before the Traffic Club of Pittsburgh, April 28, 1921. (New York: Author, 52 William St. 1921. Pp. 36.)

LANSING, R. *Notes on sovereignty from the standpoint of the state and of the world.* Carnegie Endowment for International Peace, Division of International Law, pamphlet no. 38. (Washington: The Endowment. 1921. Pp. 94.)

LOOMIS, F. D., compiler. *Americanization in Chicago: the report of a survey made by authority and under the direction of the Chicago Community Trust.* (Chicago: Community Trust. 1921. Pp. 40.)

LUNDBERG, E. O. and LENROOT, K. F. *Illegitimacy as a child-welfare problem. Part 2. A study of original records in the city of Boston and in*

- the state of Massachusetts.* Children's Bureau publication no. 75. (Washington: Dept. of Labor. 1921. Pp. 408.)
- McGILL, N. *Infant-welfare work in Europe. An account of recent experiences in Great Britain, Austria, Belgium, France, Germany, and Italy.* Children's Bureau publication no. 76. (Washington: Dept. of Labor. 1921. Pp. 169.)
- NASON, W. C. *The organization of rural community buildings.* Farmers' bull. 1192. (Washington: Dept. of Agri. 1921. Pp. 48.)
- O'NEIL, R. K. and ESTES, G. K. *Naturalization made easy; what to do and what to know. A book of instruction for aliens wishing to become citizens of the United States.* Seventh edition. (San Francisco, Cal.: A. Carlisle & Co. 1921. Pp. 147.)
- REED, A. Z. *Training for the public profession of the law. Historical development and principal contemporary problems of legal education in the United States with some account of conditions in England and Canada.* Bulletin no. 15. (New York: Carnegie Foundation for the Advancement of Teaching, 522 Fifth Ave. 1921. Pp. xviii, 409.)
- RUSHMORE, E. M. *Social workers' guide to the serial publications of representative social agencies.* (New York: Russell Sage Foundation. 1921. Pp. 174.)
- This report lists the serial publications and reports of about four thousand institutions and agencies interested in social or civic welfare. The index is arranged both alphabetically and according to subjects. It simplifies the task of the reader in attempting to discover material on particular topics. Under Child Welfare, for example, more than three hundred titles are presented. Careful efforts were made to include only those publications that present a progressive viewpoint so that students and readers might gain the maximum results from an examination of these reports. This guide will prove very helpful to the social worker and ought to inspire more effective social service. G. B. MANGOLD.
- SCHWARZ, O. L. *Unconventional ethics.* (Boston: Stratford Co. 1921. Pp. 500. \$4.25.)
- SCUDDER, V. D. *Social teaching of the Christian year.* (New York: Dutton. 1921. Pp. 268. \$2.50.)
- SNEDDEN, D. S. *A digest of educational sociology.* (New York: Teachers College, Columbia Univ. 1920. Pp. iv, 264.)
- UPTON, MRS. S. M. and CHASSELL, C. F. *A scale for measuring the importance of habits of good citizenship; with description of its use in a new report card at the Horace Mann School.* (New York: Teachers College, Columbia Univ. 1921. Pp. iii, 44.)
- WALLAS, G. *Our social heritage.* (New Haven: Yale Univ. Press. 1921. Pp. 307.)
- WOLFF, H. W. *Rural reconstruction.* (London: Selwyn & Blount. 1921. 15s.)
- ZIMAND, S. *Modern social movements; descriptive summaries and bibliographies.* Debaters' handbook series. (New York: Wilson. 1921. Pp. vi, 260. \$1.25.)

- Cleveland hospital and health survey.* (Cleveland, O.: Cleveland Hospital Council. 1920.)
- The Consumers' League of Cincinnati, report for 1919 and 1920.* (Cincinnati, O.: Social Agencies Building. 1921. Pp. 11.)
- List of references on disarmament and cost of armaments and war.* (Washington: Carnegie Endowment for International Peace. 1921.)
- Report on a survey of the police bureau of Rochester, New York.* (Rochester, N. Y.: Bureau of Municipal Research, Inc. 1921. Pp. 22.)
- Some newer problems, national and social.* Papers and proceedings of the American Sociological Society, vol. XV. (Chicago: Univ. of Chicago Press. 1921. Pp. vi, 280. \$2.)
- Standards of legal protection for children born out of wedlock: a report of regional conferences.* Children's Bureau publication no. 77. (Washington: Dept. of Labor. 1921. Pp. 158.)
- State reconstruction studies.* Extension series 41, University of North Carolina. (Chapel Hill, N. C.: Univ. Extension Div. 1921. Pp. 200. 75c.)
- Contains chapters on education, transportation, home and farm ownership, race relationships, organized business.
- Training for rural service. Proceedings of second rural leadership council, Wesley Foundation, University of Illinois.* (Philadelphia, Pa.: Bd. of Home Missions and Church Extension, Dept. of Rural Work, 1701 Arch St. 1921. Pp. 70. 25c.)
- University training for welfare work in industry and commerce.* Report issued by the Joint University Council for Social Studies. (London: King. 1921. 6d.)
- What is the Christian view of work and wealth?* Social problem discussion series. (New York: Federal Council of the Churches of Christ in America. 1920. Pp. 94. 85c.)
- Wisconsin mental deficiency survey. Report with recommendations.* (Madison, Wis.: State Board of Public Affairs. 1921. Pp. 59.)

Insurance and Pensions

- Marine Insurance.* By SOLOMON S. HUEBNER. (New York: D. Appleton & Company. 1920. Pp. xiv, 265. \$3.00.)
- Marine Insurance. Its Principles and Practice.* By WILLIAM D. WINTER. (New York: McGraw-Hill Book Company, Inc. 1919. Pp. xvii, 433.)

The appearance of these two volumes covering the same general field of study is an indication of the increasing interest in this country in marine insurance and of the importance attached to the subject under the present day conditions of our commercial life. The rapid development of American foreign commerce during the great war, and the phenomenal growth of our merchant marine in the foreign carrying

trade during the same period are, in all probability, two of the outstanding causes for our present-day interest in marine insurance. Because of the difficulties involved in forecasting the future of our merchant marine, it is impossible to determine, as yet, whether or not this interest is to continue for any considerable period of time. If our merchant fleet engaged in foreign trading declines in size and in relative importance so as to assume again the relatively unimportant position which it occupied in the latter part of the nineteenth century and the earlier part of the twentieth century, our immediate interest in marine insurance as an American institution will, in all probability, also diminish. But if, on the other hand, there continues to remain under the American flag a substantial amount of tonnage for overseas business, the present interest in this branch of insurance is likely to be maintained and develop, perhaps, into still larger proportions. Which of these situations will prevail cannot now be clearly foreseen.

Professor Huebner's volume is written in the same easy style and has been prepared with the same painstaking care which characterizes his other well-known books on property and life insurance. A good deal of the material contained in the present work was gathered by the author during his recent investigation of marine insurance which was made for the Committee on Merchant Marine and Fisheries of the House of Representatives and for the United States Shipping Board. The substance of this investigation was printed in 1920 as a report on the status of marine insurance in the United States, and was commented upon at considerable length by the present reviewer in the September, 1920, issue of this REVIEW.

The present volume by Professor Huebner is comprehensive in scope and covers the subject in a thorough-going manner, for it contains the bulk of the essential facts, principles, and practices within the field of marine insurance. It is a matter of common knowledge to all students of the subject, that the policy contract in marine insurance is notably obscure to all but the initiated, and that it contains a number of clauses whose full meaning cannot easily be comprehended by those outside of the profession. The analysis of the policy contract and the exposition of the significance of the various clauses has been well done by Professor Huebner. There are about 200 pages of text, and the balance of the book consists of a well-selected series of documents, forms, and agreements illustrative mainly of various points considered in successive chapters. The book is one of a series whose purpose is to assist students and others who wish to prepare themselves for such lines of activity as the export trade, shipping, or marine underwriting.

The volume by Mr. Winter, a vice president of the Atlantic Mutual Insurance Company of New York, is the outgrowth of a series of lec-

tures delivered by the author at New York University on the subject of marine insurance. Broadly speaking, it covers the same general field of study as the work by Professor Huebner, so that a considerable part of the two volumes is concerned with a discussion of the same topics. Mr. Winter's book commences with a lengthy historical sketch of marine insurance which is one of the best concise presentations of the topic that we have read. Another interesting feature which serves to suggest the relationship of marine insurance to other fields of study is found in the first two chapters which are concerned respectively with a discussion of physical geography and of commercial geography in relation to marine insurance. Then there follows a clear discussion of the leading facts and principles in marine insurance of the policy contract, and of other fundamentals of the subject. The latter part of the volume contains a series of carefully selected forms, acts, etc., which assist the reader to understand more clearly certain portions of the text.

In conclusion it may be added that both books are well adapted for classroom purposes as also for the use of those who wish otherwise to inform themselves on the subject of marine insurance.

AVARD L. BISHOP.

Yale University.

Teachers' Pension Systems in the United States; a Critical and Descriptive Study. The Institute for Government Research studies in administration. By PAUL STUDENSKY. (New York: D. Appleton & Company. 1920. Pp. xx, 460. \$3.00.)

One of the amazing developments of American economic life is the fact that our teachers, presumably one of the most intelligent groups in our society, should have embarked so universally on pension enterprises of such unsound financial structure that some of them even remind one of the Order of the Iron Hall, the 520 per cent syndicate and similar ventures. It must be said, of course, that the intentions of the founders of these pension funds were altogether praiseworthy, but in the end the results have been almost as disastrous as in these other cases.

The present situation of American teachers' pension funds is a serious one; the school teachers of San Francisco are now receiving only 50 per cent of the pensions they had been led to expect; the teachers of Virginia are now having their pensions pro-rated; and even the Carnegie Foundation, with expert knowledge at its disposal all these years, now seems to have found a distinct change of policy unavoidable. These conditions are typical of the present or impending difficulties of the greater number of our teachers' funds, nearly 100 in number and with liabilities of nearly half a billion dollars, for the greater part of which

there are no assets. In view of such a history, one must welcome a volume which will serve as a guide to the revision of existing unsound systems and as an aid in the planning of new systems.

The author, Mr. Paul Studensky, is well known in the field of pension research, especially for his studies in connection with the revision of the pension systems of the state of New Jersey. Both by preliminary training and by actual contact with the workings of representative pension funds, he is well fitted for the preparation of a critical and descriptive account of pension funds in this country.

The first part of the volume is devoted to a statement of the general aspects of the pension problem for teachers. The evolution of the funds from the crude beginnings of death assessments, through the long struggle to secure financially sound systems, is clearly described. The movement began with the establishment of a death benefit fund in New York City in 1869; this was followed by an old age annuity association in 1887. From this time on, the chief purpose of these mutual aid organizations was the provision of retirement pensions for the superannuated teacher; by 1897 ten pension funds had been started, all of them voluntary and all on an unsound financial basis. By 1917 there were almost 100 pension funds in operation and, with the exception of a few recently reorganized systems, all have liabilities far in excess of their assets. They include nearly one half of the teachers in the United States and unless radical steps are taken, most of these teachers are facing certain disappointment in their hopes of support in old age.

Separate chapters are given to each feature of the problem; superannuation, disability, death and withdrawal benefits are described in detail. The important questions of the cost of benefits, the division of cost between the government and the teacher, the contribution of the government and of the teacher and participation in management are carefully set forth. This statement of the general features of the problem constitutes part one of the treatise and takes up one third of the volume. Part two is a descriptive account in brief form of the leading systems of the present day, including a selection of local and of state funds. Particularly useful for reference purposes is the appendix which takes up the last third of the book. It contains a collection of texts of laws, of references to laws, statistical reports, etc., an excellent bibliography and a few actuarial tables of value in connection with the subject.

HENRY J. HARRIS.

Washington, D. C.

NEW BOOKS

BASYE, W. *History and operation of fraternal insurance.* (Rochester, N. Y.: The Fraternal Monitor. 1919. Pp. 224.)

The author is an ardent advocate of this method of securing life, health, etc. insurance and enthusiastically describes the benefits to be derived from this type of mutual protective organization. He gives the history of the leading societies in the United States, the development of the federations of orders, some biographical data of the leading personalities in the movement, the growth of state supervision and the provisions of the uniform laws in force in most of the states. The volume is, of course, intended for the general reader and the author's intimate personal acquaintance with actual operations of the fraternal orders will undoubtedly assure it a wide circulation. Throughout the book, however, emphasis is laid on the need for a sound actuarial basis of contributions and benefits.

H. J. H.

KNIGHT, C. K. *The history of life insurance in the United States to 1870, with an introduction to its development abroad.* (Philadelphia, Pa.: Author. 1920. Pp. 160.)

MCCOTTER, C. A. *What's the matter with fire insurance?* (Indianapolis, Ind.: Bobbs-Merrill. 1921. Pp. 105.)

MILLS, C. M. *Plant disability funds.* Special bulletin. No. 105. (Albany, N. Y.: N. Y. Dept. of Labor. 1921. Pp. 16.)

RICHARDS, K. E., editor. *Workmen's compensation supplement to department reports of Pennsylvania.* Reprinted from volume 6. (Harrisburg, Pa.: Telegraph Co. 1921. Pp. 375.)

RIEGEL, R. *Insurance principles and practices.* (New York: Prentice-Hall. 1921. Pp. 450. \$4.)

STANLEY, W. H. *Estates, general and contract; a comparison of general property and life insurance.* (Buffalo, N. Y.: Author. 1921. Pp. iii, 121.)

STEVENSON, J. A. *Meeting objections; a handbook for insurance salesmen.* (New York: Harper. 1921. Pp. 95. \$1.50.)

Lengthening life through insurance health work; a study of the trends of mortality among policy-holders in the Metropolitan Life Insurance Company, and in United States registration area, 1911-1919. (New York: Metropolitan Life Insurance Co. 1921. Pp. 10.)

The story of the National Fire Protection Association and list of its publication. (Boston: National Fire Protection Assoc., 87 Milk St. 1921. Pp. 12.)

Unemployment insurance in agriculture. Report of Committee. (London: H. M. Stationery Office. 1921. 2d.)

Pauperism, Charities, and Relief Measures

NEW BOOKS

ABBOTT, E. and BRECKINRIDGE, S. P. *The administration of the aid-to-mothers law in Illinois.* Children's Bureau publication no. 82. (Washington: Dept. of Labor. 1921. Pp. 176.)

GILLIN, J. L. *Poverty and dependency; their relief and prevention.* (New York: Century. 1921. Pp. viii, 707. \$4.)

Comparative growth of institutions, growth of non-institutional care, child welfare and relief. (Boston: Mass. Dept. Public Welfare. 1921. Pp. 7.)

The Jewish Agricultural and Industrial Aid Society annual report, for the year 1920. (New York: Jewish Agri. and Ind. Aid Soc. 1921. Pp. 58.)

Law providing aid to dependent children; with the opinions of the attorney-general thereon and statement of expenditures. (Madison, Wis.: State Bd. of Control. 1920. Pp. 109.)

Socialism and Co-operative Enterprises

NEW BOOKS

BENEDICT, B. *The larger socialism.* (New York: Macmillan. 1921. Pp. 248. \$2.50.)

GIDE, C. *Consumers' coöperative societies.* (Manchester, England: Co-operative Union, Ltd., Holyoake House, Hanover St. 1921. Pp. viii, 251. 7s. 6d.)

This is a translation of the third French edition published in 1917. Among the topics discussed are various systems of sale, the division of profits, members, capital, and types of consumers' societies. Besides being a practical manual, Professor Gide makes a careful contribution to the history of the development of such societies and the part which they can play in economic life.

GOMPERS, S. and WALLING, W. E. *Out of their own mouths.* A revelation and an indictment of sovietism. (New York: Dutton. 1921. Pp. xx, 265. \$2.)

HILLQUIT, M. *From Marx to Lenin.* (New York: Hanford Press. 1921. Pp. 151. 50c.)

LAIDLER, H. W. *British coöperative movement.* Second edition. (New York: The Coöperative League of America. 1921. Pp. 16. 5c.)

LEROSSIGNOL, J. E. *What is socialism? An explanation and criticism of the doctrines and proposals of "scientific socialism."* (New York: Crowell. 1921. Pp. x, 267. \$2.)

LLOYD, J. G. *Guilds and the salary-earner.* (London: National Guilds League. 1921. 6d.)

MACDONALD, J. R. *Socialism: critical and constructive.* (London: Cassell & Co. 1921. 7s. 6d.)

PASVOLSKY, L. *The economics of communism. With special reference to Russia's experiment.* (New York: Macmillan. Pp. xvi, 312. \$2.25.)

POSTGATE, R. W. *The Workers' International.* (New York: Harcourt. 1920. Pp. 125.)

The first and longest chapter of this book is a history of the "First International." The author has had access to original sources and presents some interesting new material. The brief sketches of the Second and Third Internationals are strongly colored by the author's communist sympathies. There is an excellent bibliography.

G. B. L. A.

- ROSS, E. A. *The Russian bolshevik revolution*. (New York: Century. 1921. Pp. xvi, 302. \$3.)
- SAWYER, R. A., JR., compiler. *Nationalization of coal mines; a list of references in the New York public library*. (New York: Public Library. 1920. Pp. 11. 10c.)
- SPARGO, J. *The problem of trading with soviet Russia*. (New York: Russian Information Bureau. 1921. Pp. 27. 25c.)
- WARBASSE, A. D. *The story of coöperation*. Pamphlet no. 3. Third edition revised. (New York: The Coöperative League of America, 2 West 13th St. 1921. 10c.)
- WEBB, S. and WEBB, B. *The consumers' coöperative movement. An up-to-date critical analysis*. (New York: Macmillan. 1921.)
- WOOLF, L. S. *The control of industry by the people through the coöperative movement*. (New York: Coöperative League of America. 1920. Pp. 20. 10c.)
- Coöperative housing by associations of consumers*. (New York: The Coöperative League of America. 1920. Pp. 16. 10c.)
- How to start and run a coöperative wholesale; a report of the committee on wholesale of the Second American Coöperative League of America Convention*. (New York: Coöperative League of America. 1920. Pp. 10. 10c.)
- Der Kampf um die Sozialisierung. Grundsätzliches und Materialien*. (Berlin: Freiheit. 1921. Pp. 24. 2 M.)
- The policy of guild socialism*. (London: National Guilds League. 1921. 6d.)

Statistics and Its Methods

NEW BOOKS

- BOWLEY, A. L. *Official statistics, what they contain, and how to use them*. (London: Oxford Univ. Press. 1921. Pp. 64. \$1.)
- BREUER, J. *Die Methoden der Handelsstatistik*. (Paderborn: Schoeningh. 1920. 28 M.)
- COLAJANNI, N. *Manuale di statistica teorica e demografia*. Fourth edition. (Naples: Perro. 1920. Pp. 369. 16 l.)
- HOLLAND, R. W. *Business statistics: preparation, compilation and presentation*. (London: Pitman. 1921. Pp. 98. 3s. 6d.)
- JORDAN, D. F. *Business forecasting*. (New York: Prentice-Hall. 1921. Pp. 424. \$4.)
- KEYNES, J. M. *A treatise on probability*. (New York: Macmillan. 1921. Pp. xi, 466. \$6.)
- LUZZATTI, G. *Statistica economica*. (Padova: La Linotipo Edit. Univ. 1920. 17 l.)
- PELL, C. E. *The law of births and deaths: being a study of the variation in*

the degree of animal fertility under the influence of the environment. (London: T. Fisher Unwin. 1921. 12s. 6d.)

TUTTLE, M. *Automotive statistics.* (Des Moines, Ia.: Motor List Co. 1921. Pp. 80. \$10.)

Average heights and weights of children under six years of age. Children's Bureau publication no. 84. (Washington: Dept. of Labor. 1921. Pp. 4.)

Bureau Central de Statistique des Pays-Bas. (The Hague: Bureau Central de Stat. 1921.)

Fourteenth census of the United States. 1920. Vol. I. Population: number and distribution of inhabitants. (Washington: Bureau of the Census. 1921. Pp. 695.)

London statistics. Vol. XXVI, 1915-1920. Statistics of the Administrative County of London, and of the public services carried on therein, together with certain statistics of the adjacent districts. (London: H. M. Stationery Office. 1921. Pp. xv, 547. 15s.)

Municipal statistics, 1919. Statistics of urban municipalities having a population of 3,000 to 10,000. (Ottawa, Canada: Dominion Bureau of Statistics, Finance Branch. 1921. Pp. 63.)

Official year book of the Commonwealth of Australia. No. 13. 1901-1919. (Melbourne: Commonwealth Bureau of Census and Statistics. 1921. Pp. 1182.)

Preliminary report of the census, June 1921. England and Wales, with tables of population, including some figures for Scotland. (London: H. M. Stationery Office. 1921. 1s.)

Report on the collection and presentation of official statistics. Prepared by a committee appointed by the Cabinet. (London: King. 1921. 1s.)

Statistical abstract for London, 1920. Vol. VII. Map. (London: King. 1921. 2s. 6d.)

Statistical abstract, United Kingdom, from 1906 to 1919. No. 66. (London: H. M. Stationery Office. 1921. 3s. 6d.)

Statistical report of infant mortality for 1920 in 519 cities of the United States. (Baltimore, Md.: Am. Child Hygiene Assoc., 1211 Cathedral St. 1921. Pp. 16.)

Statistical year book of Quebec, 1920. Seventh year. (Quebec, Canada: Provincial Secretary's Dept., Bureau of Statistics. 1921. Pp. ix, 552.)

Statistisk Årsbok för Finland ny serie Adertonde Årgangen 1920. (Helsingfors: Bureau Central de Statistique. 1921. Pp. xxi, 290.)

Vital statistics of New South Wales. Report by the government statistician for the year 1920. (Sydney: Bureau of Statistics. 1921. Pp. 23.)

DOCUMENTS, REPORTS, AND LEGISLATION

Industries and Commerce

REPORT OF THE UNITED STATES TARIFF COMMISSION ON THE WOOL-GROWING INDUSTRY. This document is a continuation of the study of the wool-growing industry made by the Tariff Board in 1911 and published in 1912 as part of its report on Schedule K.¹ It discusses the current situation of the industry both in the United States and in leading competing countries as it has been affected by certain influences already at work in the pre-war period and by governmental regulation during and immediately succeeding the World war.

One feature of the Commission's report on which emphasis is placed is the need of stabilization in the wool-growing industry. This need is intimately related to our public land policy in the range states. Sheep raising is essentially a pioneer industry, and its present condition is primarily the result of the pressure of agriculture and agricultural methods accompanying the general growth of population. The most serious problem now confronting the flock-master in the West is the gradual homesteading of the lands lying between desert or winter ranges and the summer grazing areas in the national forests—lands on which many sheep raisers are dependent for their spring and fall grazing. The homesteading of this intermediate area was stimulated by the Homestead acts of 1909 and 1916, allowing the homesteaders to take 320 and 640 acres respectively. These units not being sufficiently large to keep enough live stock to provide a living for a family, the laws benefit only those who are in a position to purchase adjacent land. Of five policies for the stabilization of the industry given special consideration the one most generally favored is the creation of grazing commons and the extension of the permit system now used by the Forest Service.

The cost figures of the report show some differences in accounting methods between the Tariff Commission and the Tariff Board. The latter obtained the cost of wool by deducting the receipts for mutton from total expenses, whereas the Tariff Commission distributes joint expenses according to the ratio of wool to mutton receipts. Another difference, more apparent than real, is that the figures of the Tariff Board included 13 per cent of the value of the flock for depreciation and losses, while these items are not covered by the expense accounts of the Tariff Commission. The reasoning of the Commission is that if lambs replace losses and sales of old stock, no account should be taken of them in the books because depreciation and losses will automatically enter into the expense account through the cost of rearing replacement lambs. It is properly pointed out, however, that the Tariff Board included in its receipts all lambs raised regardless of whether

¹ *Report of Tariff Board on Schedule K of the Tariff Law*, part I, sections 1 and 3, and part II.

they were sold or not, and hence offsetting these high receipts must be a charge for replacing the flock.

With respect to import duties, the Tariff Board had declared defective the method of levying a duty on wool in the grease, because on account of varying shrinkage it operated to prevent the importation of some high grade wools. It held, however, a specific duty to be superior to an ad valorem one and favored a rate based upon the scoured content of the wool. It also held that there is no longer any good reason for distinguishing between class I and class II wools. With these conclusions, assuming duties to be imposed upon raw wool, the Tariff Commission is in substantial agreement.

ABRAHAM BERGLUND.

The United States Department of Commerce has begun to publish a new series of monthly supplements to the *Commerce Reports*, entitled *Survey of Current Business*. The first issue appeared August 1, 1921. These supplements are compiled by the Bureau of the Census, the Bureau of Foreign and Domestic Commerce, and the Bureau of Standards. The total subscription price for the *Commerce Reports*, including these supplements is \$4 per annum.

The *Commerce Reports* have been reorganized and now appear as a weekly service.

From the federal Department of Commerce have been received:

Special Agents' Series:

- No. 206. *Columbia: A Commercial and Industrial Handbook*, by P. L. Bell (1921, pp. 423).
- No. 207, *Forest Resources, Lumber Industry, and Lumber Export Trade of Finland*, by A. H. Oxholm (1921, pp. 144).
- No. 208, *Bolivia: A Commercial and Industrial Handbook*, by W. L. Schurz (1921, pp. 260).
- No. 209, *Advertising Methods in Japan, China, and the Philippines*, by J. W. Sanger (1921, pp. 107).

From the United States Tariff Commission has been received a pamphlet showing a *List of Principal Subjects Investigated and Reported Upon by the United States Tariff Commission* (Washington, 1921, pp. 34); also, *Wages in the United States and Foreign Countries*, prepared for the use of the Committee on Ways and Means (1921, pp. 103).

The *Tariff Bill*, H. R. 7456, has been published as House Document 100 (pp. 173).

The Federal Trade Commission has issued a *Summary of its report on Shoe and Leather Costs and Prices* (Washington, June 10, 1921, pp. 15).

The United States Geological Survey has issued a serviceable bulletin entitled *The Iron-Ore Resources of Europe*, by Max Roesler (Bull. 706, Washington, 1921, pp. 152; with plates and maps).

It is stated that the results of the work of the Geological Survey on mineralogical deposits will be published in the form of an *Atlas of Commercial Geography*. A companion volume of this bulletin is *Industrial Aspects of the Deposits of Iron-Ore in Central Europe*, issued as bulletin 703 (1921).

The Bureau of Markets and Crop Estimates of the United States Department of Agriculture has prepared a pamphlet on *Prices of Farm Products in the United States*, by G. F. Warren (Bull. 999, Washington, 1921, pp. 72). This is abundantly illustrated with charts of index numbers.

The National Lumber Manufacturers Association has published a report of the *Third American Lumber Congress and Nineteenth Annual Meeting*, held at Chicago, March 30, 1921 (Washington, Southern Bldg., pp. 80). The Association also has for distribution a *Statement in Relation to Lumber Production and Prices*, by L. C. Boyle (pp. 44).

The Associazione fra le Società per Azione (Via Lata, 4, Rome, Italy) is issuing a monthly sheet entitled *Business and Financial Report*, relating to Italian trade and industry. This report endeavors to give in the English language as briefly as possible reliable facts and figures of Italian industries and finance.

The National Foreign Trade Council (Hanover Square, New York City) announces a sale of its *Annual Proceedings* at reduced prices for students at educational institutions.

The August issue of the *Bulletin of the Branch Library of Political Science* (Clare Market, Kingsway, London, W.C., 2) contains a four page bibliography of marketing.

The International Chamber of Commerce, whose headquarters are in Paris, has issued a number of publications describing the work of the organization and special pamphlets, as brochure no. 1, *Export Credits* (Paris, 33, Rue Jean-Goujon).

The Chamber of Commerce, Breslau, Silesia, has prepared a memorandum entitled *The Problem of Upper Silesia and the Reconstruction of Europe's Economics* (June, 1921, pp. 21).

Hearings before the Senate Committee on Agriculture and Forestry, relating to *Future Trading in Grain* have been printed (Washington, 1921, pp. 485).

Corporations

The report of the Interstate Commerce Commission on the *Consolidation of Railroads*, by William Z. Ripley, which will appear as an appendix to the reports of the Commission, has been printed in advance (pp. 467-660, with maps).

From the Department of Transportation and Communication, Chamber of Commerce of the United States, has been received *The Railroad Question Before Congress as Viewed from Various Standpoints* (Washington, pp. 51). This pamphlet contains a summary of testimony relating to operating revenues and expenses; reasons for the high cost of maintenance and operation; reasons for diminishing volume of traffic; efficiency of management and labor; reduction of freight and passenger rates; and statistics, tables, and graphic charts.

Depreciation Charges of Railroad and Public Utilities is the title of a memorandum filed with the Depreciation Section of the Bureau of Accounts of the Interstate Commerce Commission. This was prepared by Robert A. Carter, chairman of the Committee on Rate Fundamentals of the American Gas Association, and William L. Ransom (New York, 130 East 15th St., pp. 108).

The REVIEW has received from Francis B. James a series of pamphlets under the general title American National Economics. Among these is to be noted *Common Sense vs. Prohibition in Railroad Rates, 1921*, by Edgar Gengenbach (Washington, John Byrne & Co., pp. 40); and *Some Phases of the Transportation Problem*, by F. B. James (pp. 58).

Among state documents relating to public utilities are:

Eighth Annual Report of the Public Utilities Commission of the District of Columbia, 1920 (Washington, 1921, pp. 234).

Special Report of the Department of Public Utilities Relative to the Street Railway Situation in the Commonwealth of Massachusetts was issued under date of April 1, 1921 (House Doc. 1495, pp. 21).

Fourteenth Annual Report of the Public Service Commission, New York, Second District, 1920. Vol. I (pp. 202).

Reports of Decisions of the Public Service Commission, Second District, State of New York. Vol. IX (New York, pp. 826).

Foreign Corporation Laws of South Dakota, 1921, have been compiled (Secretary of State, Pierre, S. D., pp. 14).

Appendix to Seventeenth Annual Report of the State Corporation Commission of Virginia for 1919, containing statistics of steam and electric railways (Richmond, 1921, pp. 206).

Labor

The federal Bureau of Labor Statistics has issued bulletins:

- No. 281, *Proceedings of the Seventh Annual Meeting of the International Association of Industrial Accident Boards and Commissions*. This convention was held at San Francisco, California, on September 20-24, 1920. (Washington, June, 1921, pp. 447.)
- No. 285, *Minimum Wage Laws of the United States: Construction and Operation*, by L. D. Clark (July, 1921, pp. 345).

The same bureau has recently issued a cyclostyled sheet showing convenient forms of *Index Numbers of Retail Prices of the Principal Articles of Food in the United States*, from January, 1913, to May, 1921.

The United States Department of Labor has issued large broadsides containing on a single sheet the restrictions upon the employment of children in factories, stores, and mines. The analysis is detailed for each state, under the column headings Minimum Wage, Hours of Work under 16, Night Work Prohibitions, and Requirements for Regular Employment Certificates.

From the Women's Bureau has been received bulletin No. 17, *Women's Wages in Kansas* (Washington, 1921, pp. 104).

Among state reports relating to labor are:

Ninth Annual Report of the Commissioner of Commerce and Labor for the State of Georgia, for 1920 (Atlanta, 1921, pp. 108).

Third Annual Report of the Department of Labor of Illinois, 1919-1920 (Springfield, pp. 91).

Ninth Biennial Report of the Bureau of Labor of Kentucky, 1918-1919 (Frankfort, pp. 225).

Sixth Annual Report of the State Industrial Accident Commission of Maryland, for 1920 (Baltimore, pp. 26).

Annual Report of the Department of Labor and Industries, Massachusetts, 1920 (Boston, Pub. Doc. 104, pp. 132).

Report of the Board of Conciliation and Arbitration of Massachusetts, 1920 (Boston, 1921, pp. 212). This contains the decisions of the board.

Report of the Commissioner of Labor of Rhode Island for the Years 1916-1919 (Providence, 1921, pp. 287).

Twenty-seventh Annual Report of the Factory Inspector of Rhode Island (Providence, 1921, pp. 88).

Second Annual Report of the Industrial Commission of Virginia, 1920 (Richmond, 1921, pp. 47). This reviews the administration of the Virginia workmen's compensation act.

Labor Laws of the Commonwealth of Virginia, published by the Bureau of Labor and Industrial Statistics (Richmond, 1920, pp. 129).

Fifth Report of the Workmen's Compensation Department of Wyoming, 1920 (Cheyenne, pp. 166).

The Department of Labor of New York has issued *Special Bulletins*: No. 106, *Court Decisions on Workmen's Compensation Law, January, 1920, to June, 1921* (Albany, pp. 302).

No. 108, *Sickness Among New York Factory Workers in 1919* (pp. 29).

The Proceedings of the Fifth Annual Industrial Commission of New York State, held at Syracuse, December 6-9, 1920, have been compiled (Albany, State Industrial Commission, pp. 239).

The First Annual Report of the Court of Industrial Relations of Kansas, covering operations from February 1, 1920, to November 30, 1920, is published as a small pamphlet (Topeka, pp. 16).

The University Extension Division of the University of Wisconsin, Bureau of Commercial Industrial Relations of the Department Group and Community Service, has issued a series of cyclostyled notes among which may be noted *The Cycle of Employment, Employment Forms and Routine, Job Analysis, Absenteeism, Plant Organs, A Labor Policy and the Labor Audit*.

The New Jersey State Chamber of Commerce in a recent issue (vol. VIII, no. 2) discusses the subject of *Closed Shop and Open Shop Terminology* in a memorandum prepared by Mr. Paul Studensky, Supervisor of Staff.

The National Association of Manufacturers has prepared an *Open Shop Encyclopedia* for debaters (New York, 50 Church Street, 1921, pp. 248).

Volume I of the *Decisions of the United States Railroad Labor Board with Addenda and Interpretations, 1920*, has appeared. This contains a cumulative index-digest (Washington, Gov. Prtg. Office, 1921, pp. 183).

The Pennsylvania Railroad under date of July 8, 1921, presented to the United States Railroad Labor Board a memorandum in the form of a pamphlet entitled *Summary of the Position, Policy, and Purpose of the Pennsylvania Railroad in Its Dealings with Its Employees* (pp. 40).

The Labour Publishing Company (6, Tavistock Square, London, W. C. 1) has published for the National Guilds League the following pamphlets:

Unemployment and Industrial Maintenance, by G. D. H. Cole (pp. 16. 6d.); *Education and the Guild Idea* (pp. 19. 6d.); *Guilds and the Salary Earner*, by J. H. Lloyd (pp. 15. 6d.); and the following pamphlets by Mr. Cole: *Workers' Control in the Mining Industry* (pp. 27); *Workers' Control in the Distributive Industry, a Plan for Coöperative Employees and Shop Workers* (pp. 25); *Workers' Control for Railwaymen* (pp. 23); *Workers'*

Control in Engineering and Shipbuilding, a Plan for Collective Contract (pp. 14); *Capitalist Speculation and Workers' Control in the Textile Industries* (pp. 23). (Price 6d. each.)

Money, Prices, Credit, and Banking

The following state public documents relating to banking have been received:

Report of the Bank Commissioner of Connecticut (Hartford, 1920, pp. 658).

Fifteenth Biennial Report of the Bank Commissioner of Kansas (Topeka, 1921, pp. 625).

Reports of the State Banks, Savings Banks and Trust Companies of Louisiana, June 24, 1921 (New Orleans, pp. 126).

Sixty-fourth Annual Report of the Bank Commissioner of Maine, 1920 (Augusta, 1921, pp. 151).

Annual Report of the Commissioner of Banks of Massachusetts for 1920. Part II, Coöperative Banks, Savings and Loan Associations and Credit Unions (Boston, pp. 436).

Annual Report of the Superintendent of Loan Agencies of Massachusetts for 1920 (Boston, Pub. Doc. 95, pp. 45).

Tenth Annual Report of the Department of Banking of Minnesota, for 1919 (St. Paul, pp. 296).

Twenty-eighth Annual Report of the Bureau of Banking, Department of Trade and Commerce of Nebraska, for 1919-20 (Lincoln, pp. 556).

Annual Report of the Commissioner of Banking and Insurance Relative to Business and Loan Associations, New Jersey, June 30, 1920 (Trenton, 1921, pp. 151).

Fourteenth Annual Report of the Bank Commissioner of Rhode Island, June 30, 1921 (Providence, pp. 239).

Fourteenth Biennial Report of the Superintendent of Banks of South Dakota, 1919-1920 (Pierre, pp. 628).

Fourteenth Annual Report of the Bank Commissioner of Washington, 1920 (Olympia, 1921, pp. 57).

The Superintendent of Banks of Oregon has issued a new edition of *Banking Laws, Revision of 1921* (Salem, pp. 128).

A similar compilation has been made for Michigan in a pamphlet, *Laws Relating to Banking, 1919* (Lansing, 1920, pp. 175).

The hearings before the Joint Congressional Committee on *Short-Time Rural Credits*, Sixty-seventh Congress, First Session, held April 16, 1921, containing the testimony of A. A. Elmore, Spokane, Washington, have been printed (Washington, pp. 57).

A printing has also been made of the *Amendment to the Farm Loan Act*, hearings on Senate bill 1837, held June 7, 1921, by the House Banking and Currency Committee (Washington, pp. 84).

The War Finance Corporation is issuing cyclostyled material with regard to the activities of this board in considering applications under the agricultural credits amendment to the War Finance Corporation act. It has also issued printed circulars containing information for banks, bankers, or trust companies applying for advances under section 24 of the War Finance Corporation act.

The United States Department of Agriculture, in bulletin no. 968, has prepared a statement on *Buying Farms with Land-Bank Loans*, by L. C. Gray and H. A. Turner. This is a study based on the experience of 2700 farmers who have borrowed money through the federal farm-loan banks (Washington, pp. 27).

The statement of Professor Irving Fisher before the Senate Committee on Civil Service and the House Committee on Reform in the Civil Service at the hearing held May 27, 1921, has been printed under the head *Reclassification of Salaries*. In this, Professor Fisher presents his conclusions in regard to changes in the purchasing power of money, with charts and diagrams.

Public Finance

The National Budget Committee is printing brief leaflets on *Government Economy* (New York, 7 West 8th Street). The same committee has published a larger pamphlet entitled *A Proposal for Government Reorganization, Published in the interest of National Economy* (pp. 70, 25c.).

Among the state documents relating to taxation are:

Fifth Biennial Report of the Arizona State Tax Commission, 1920 (Phoenix, pp. 169).

Report of the Proceedings of the Arizona Tax Conference, Eighth Annual Session, 1920 (pp. 194).

Seventh Annual Report of the State Tax Commissioner of Georgia, 1920 (Atlanta, 1921, pp. 35).

Second Annual Report of the Tax Commission of Illinois, 1920 (Springfield, 1921, pp. 336).

Inheritance Tax Law of Indiana (Indianapolis, State Board of Tax Commissioners, June 1, 1921, pp. 22).

Third Annual Report of the Kentucky State Tax Commission, 1920 (Frankfort, pp. 89).

Report of the Assessment and Tax Commission on the Constitutional Convention of Louisiana (New Orleans, 1921, pp. 237).

Message of Governor Baxter of Maine on State Finances (Augusta, March 10, 1921, pp. 30).

Biennial Report of the Nevada Tax Commission, 1919-1920 (Carson City, 1921, pp. 77, 20).

Laws Affecting Taxation of the Session of 1921, New Jersey (Trenton, State Board of Taxes and Assessment, pp. 41).

Report of the State Tax Commission, North Carolina, 1919 (Raleigh, 1920, pp. 427).

Laws Relating to Assessment and Taxation, Oregon, 1921 (Salem, State Tax Commission, pp. 103).

The federal Internal Revenue Office has issued, under the Revenue act of 1918:

Regulations 37, Revised January 1921, Relating to Estate Tax (Washington, 1921, pp. 80); *Regulations 43, Part I, Relating to the Tax on Admissions* (pp. 117); *Part II, Relating to Tax on Dues* (pp. 29); *Regulations 45, Relating to the Income Tax on War Profits and Excess Profits Taxes* (pp. 342).

The second edition has appeared of *Sales Tax Laws of Foreign Countries*, printed for the use of the House Committee on Ways and Means (Washington, pp. 40).

The report of the Committee on Ways and Means on *General Tariff Revision*, submitted by Mr. Fordney, appears as House Report No. 248, Sixty-seventh Congress, First Session (Washington, pp. 55).

Population

The hearings before the Senate Committee on Immigration on *Emergency Immigration Legislation* held in January 1921 have been printed for the use of the committee; also hearings before the House Committee on Immigration and Naturalization on *Admission of Aliens in Excess of Quotas*, held June 10, 1921.

The Bureau of the Census has published the first volume of the reports of the fourteenth census, as follows: *Fourteenth Census Report: Population, 1920*. Vol. I, *Number and Distribution of Inhabitants*. This gives the number and distribution of inhabitants of the United States by states, counties, and minor civil divisions. Population bulletins have also been issued for a number of states, giving detailed statistics regarding composition and characteristics of population.

PERIODICALS

The REVIEW is indebted to Robert F. Foerster for abstracts of articles in Italian periodicals, and to R. S. Saby for abstracts of articles in Danish and Swedish periodicals.

Theory

(Abstracts by Walton H. Hamilton)

- AVÉ-LALLEMANT, T. M. *What is sociology?* Freeman, Sept. 7, 1921. Pp. 2. A review of Rist's *Principles of Sociology*.
- BARNES, H. E. *American psychology*. Soc. Rev., July, 1921. Pp. 16. A review of recent developments in psychology and their meaning for the social sciences.
- BRANFORD, V. *Every man his own sociologist*. Soc. Rev., July, 1921. Pp. 16. "Not a few beginnings of actual surveys, rustic and civic, have been brought together. These need continuing, multiplying, compounding, generalizing. The more the students of social science can be got to work along these concrete lines, the nearer we move to a living sociology. That is the way of science."
- BURNS, A. R. *Rising and falling prices—and a remedy*. Discovery, June, July, 1921. Pp. 4, 3. "The attempt to stabilize the purchasing power of money is an attempt to substitute exactness and certainty for random variation and uncertainty." A review of Professor Fisher's scheme for stabilizing the dollar in terms of the function of the unit of pecuniary measurement in economic organization.
- EATON, R. M. *Social fatalism*. Phil. Rev., July, 1921. Pp. 13. "Fatalistic social theories, by explaining away the creative and destructive actions of men in society, falsify the issue. Sociology ought to show how concerted human action is possible, rather than assume its impossibility. Social fatalism is our excuse for giving up one of the central problems of life—the problem of social control."
- FIELD, G. C. *Faculty psychology and instinct psychology*. Mind, July, 1921. Pp. 14. A protest against an uncritical explanation of human behavior in terms of instincts. "We should begin . . . by an explanation, not of the instincts, but of instinctive behavior. And by behavior I mean not merely the physical movements of the body, but any kind of activity, physical or mental."
- FRIDAY, D. *The probable trend of interest rates*. The Annals, Sept., 1921. Pp. 8. "The fundamental factors which operate upon the demand for capital and those which determine its supply after a period of business depression are such as will inevitably reduce the rate of interest."
- GISBORNE, F. A. W. *The recoil of the living wage in Australia*. Nat. Rev., Aug., 1921. Pp. 14. "The 'failure of the living wage' may be assigned to two causes." "Morally the system was unjust . . . employers were compelled to obey awards . . . but employees could ignore them . . . economically the system was vicious, for its keystone . . . completely ignored the influence of the costs of production on the sale of commodities and the obvious fact that increased wages must mean increased prices."
- HERBERT, A. S. *The socialization of industry*. Nineteenth Cent., Sept., 1921. Pp. 9. An argument that wages should be charged as a cost, not against a particular firm, but against the industry as a whole, illustrated by the proposal for a wage pool in the British coal industry.
- HOBHOUSE, L. T. *Democracy and civilization*. Soc. Rev., July, 1921. Pp. 11. "The

certainly of eventual catastrophe on the lines on which we are at present moving" "appears to germinate with the 'educated' classes, who, apparently in their dread of socialism, have in large measure turned their backs on political freedom and sought the idealization which is necessary to men in military glory or imperial achievement, finding justification for clan ascendancy in biology, and for national domination in racial psychology."

HORWILL, H. W. *The parentage of invention*. Discovery, Aug., 1921. Pp. 3. A study, in terms of instances, of advances in "the state of the industrial arts."

MACARA, C. W. *The industrial crisis and the remedy*. Nineteenth Cent., July, Sept., 1921. Pp. 9, 12. A review of the industrial situation as a preliminary to the conclusion that "our old time happiness and prosperity" can be brought back only by "our great captains of industry" under a system of freedom from state interference.

MARRIOTT, J. A. R. *The industrial outlook*. Contemp. Rev., Aug., 1921. Pp. 10. "The dividend available for distribution . . . is limited absolutely by the product of industry. . . . The interests of all economic classes are absolutely interdependent, if not identical." The essential problem is "coöperation" for larger production.

MOORE, H. L. *Generating cycles reflected in a century of prices*. Quart. Journ. Econ., Aug., 1921. Pp. 24. A study, in theory and in fact, of the relationships of crop cycles, cycles in the prices of food, and cycles in the prices of manufactured goods.

PARK, R. E. *Sociology and the social sciences*. Am. Journ. Soc., July, Sept., 1921. Pp. 21, 15. "Sociology is a point of view and method for investigating the processes by which individuals are introduced into and induced to coöperate in some sort of corporate existence which we call society. Sociology is the science of collective behavior."

POUND, A. *The iron man*. Atlantic Mo., Oct., 1921. Pp. 8. A cursory account of "the social significance of the automatic machine."

RATHBONE, E. *Wages according to family needs*. Hibbard Journ., July, 1921. Pp. 12. An argument, based upon the facts gathered by Mr. Rowntree and Professor Bowley, that an adequate standard of living can be guaranteed only by "a redistribution of that portion of national wealth which is allocated to the payment of wages, giving less of it to bachelors and childless persons and more of it to families with children."

ROCCA, G. *Un economista agrario: Ghino Valenti*. Rif. Soc., May-June, 1921. Pp. 19. A summary of Valenti's life and work, with a complete bibliography of his writings.

SHADWELL, A. *The war of the mines*. Quart. Rev., July, 1921. Pp. 18. A critical study of competition versus unification in the organization of an industry. Attention is given to the economic theory of the proposed wages pool in the coal industry.

STEINER, R. *Spiritual life—civil rights—industrial economy*. Hibbard Journ., July, 1921. Pp. 12. Another repetition of the thesis that "the social problem" is a "spiritual," not an "economic" one.

TUFTS, J. H. *Legal and social philosophy of Mr. Justice Holmes*. Am. Bar Assoc. Journ., July, 1921. Pp. 5. A review of Mr. Justice Holmes' *Collected Legal*

Papers, with attention, among other things, to his views upon the division of consumptive goods, the nature of property rights, and the control of the instruments of production.

YOUNG, A. A. *The measurement of changes in the general price level*. Quart. Journ. Econ., Aug., 1921. Pp. 17. A critical study of the problem and a constructive attempt to formulate a method.

The decay of competition. New Statesman, Aug. 13, 1921. Pp. 2. A review of the Joint Committee (British Labor party) on the cost of living in terms of the question of the efficiency of competition as an agency of economic organization.

Wanted: a monetary policy. New Statesman, Oct. 1, 1921. Pp. 3. A statement of "the utter bewilderment of mankind and their helplessness to counteract the blind forces of the economic system." The great needs are for factual knowledge about the price system and for a determined attempt to control it.

Economic History (United States)

(Abstracts by Amelia C. Ford)

BIDWELL, P. W. *The agricultural revolution in New England*. Am. Hist. Rev., July, 1921. Pp. 20. Discusses the changes in New England, during the half-century before the Civil War, in regard to agricultural technic and social life, due to "two great new forces, the home market and western competition."

BLEGEN, T. C. *Cleang Peerson and Norwegian immigration*. Miss. Valley Hist. Rev., Mar., 1921. Pp. 29. Details the activities of Peerson in initiating the first group emigration from Norway to the United States.

BRIGGS, J. E. *Kasson and the first international postal conference*. Iowa Journ. Hist. and Pol., July, 1921. Pp. 23. Discusses reforms in our foreign mail service between 1861 and 1868, particularly those secured by the international conference of 1863.

HARGER, C. M. *Financing the farms' market*. Rev. Rev., Oct., 1921. Pp. 4. Discusses the expansion of the war finance corporation for the purpose of financing agricultural operations and developing export trade.

LIBBY, O. G. *The new northwest*. Miss. Valley Hist. Rev., Mar., 1921. Pp. 16. Describes the past fur trade and present economic resources of that region stretching from the Arctic ocean to the mouth of the Missouri river, and from Hudson Bay and Lake Superior westward to the Rockies.

MEREDITH, E. T. *Business and agriculture*. No. Am. Rev., Oct., 1921. Pp. 9. Explains the trouble with business as due to a lack of orders from the farmers, to the amount of four billion dollars.

MORISON, S. E. *Boston traders in Hawaiian Islands, 1789-1823*. Wash. Hist. Quart., July, 1921. Pp. 36. Shows how "sandalwood, geography, and fresh provisions made the Islands a vital link in a closely articulated trade route between Boston, the northwest coast, and Canton."

SCHMIDT, L. B. *The internal grain trade of the United States, 1860-1890*. (II.) Iowa Journ. Hist. and Pol., July, 1921. Pp. 42. Deals with the principal transportation routes connecting the Middle West with the Atlantic and Gulf seaboards, and the development of Chicago, St. Louis, and Minneapolis into the leading primary grain markets; gives a map and tables.

- SHAW, A. *California's farm colonies*. Rev. Rev., Oct., 1921. Pp. 8. Describes California's experiments at Durham and Delhi in the reconstruction of rural life.
- SISSON, F. H. *The future of our foreign trade*. Yale Rev., Oct., 1921. Pp. 9. Points out factors which will enable the United States to hold a strong position in international commerce; emphasizes our duty to help in restoration of Europe.
- SUFFERN, A. E. *What shall we do about coal?* Atlantic Mo., Sept., 1921. Pp. 4. Points out certain conditions of waste and inefficiency in the coal industry, and the need of a policy of regulation.
- TAYLOR, S. H. *Oregon bound, 1853*. Oregon Hist. Soc. Quart., June, 1921. Pp. 44. Correspondence of S. H. Taylor, telling of conditions of travel overland in 1853, and of prices of food and labor in Oregon at that time.
- YARROS, V. S. *Contemporary American radicalism*. Intern. Journ. Ethics, July, 1921. Pp. 9. Considers American radicalism is indigenous, scientific, and practical, and discusses its theories for the solution of our industrial and political problems.
- Petition to increase power of Congress over commerce, 1785*. William and Mary College Quart. Hist. Mag., Jan., 1921. Pp. 2. Sent by traders in Alexandria to the Virginia assembly; sets forth some of the disadvantages attending foreign trade, and hopes the Confederation may be amended so as to give Congress control over such commerce.
- Taxation of importers, 1780*. William and Mary College Quart. Hist. Mag., Jan., 1921. Pp. 3. A protest to the Virginia assembly from Alexandria, declaring that the new law burdens importers unfairly as compared with the tax on landholders, and recommending strongly that taxes be levied on the retailers, "less valuable members of Society than the Importers."

Economic History (Foreign)

- CADOUX, G. *Aspects économique du problème polonais*. Journ. Soc. Stat. Paris, July, 1921. Pp. 19.
- CAVALLI, A. *Evoluzione politica e sue conseguenze economiche in Firenze nella seconda metà del secolo XIV*. Riv. Intern., June, 1921. Pp. 12.
- CHESSE, F. *Il movimento di classe contemporaneo e la legislazione sociale*. Riv. di Pol. Econ., Nos. III-V, 1921. Pp. 12. Aims and consequences of social legislation; its tendency to assume an international character.
- DAVIS, J. S. *Recent economic and financial progress in France*. Rev. Econ. Stat., July, 1921. Pp. 26.
- . *Recent economic and financial progress in Germany*. Rev. Econ. Stat., June, 1921. Pp. 25.
- DURAND, E. D. *A survey of economic conditions in Poland*. Econ. World, Sept. 24, 1921.
- FERNAND-JACQ. *Les industries électriques en Chine*. Journ. des Econ., July 15, 1921.
- GARDNER, P. *Financial history of ancient Chios*. Journ. Hellenic Studies, 1920, Part II.
- GÖPPERT, H. *Die Socialisierungsbestrebungen in Deutschland nach der Revolution*. Schmollers Jahrb., Jahrg. 45, Heft 2, 1921. Pp. 35.

- JONES, J. H. *The international financial situation*. Weltwirtsch. Archiv, Apr. 1, 1921.
- KALE, V. G. *The gospel of the Chark Ha*. Journ. Indian Econ. Soc., June, 1921.
- KARKAR, B. K. *Public finance in ancient India*. The Annals, Sept., 1921. Pp. 16.
- KENDE, O. *Die Verbreitung von Bergbau und Industrie in Osterreich-Ungarn*. Weltwirtsch. Archiv, Apr. 1, 1921.
- MARVAUD, A. *La crise économique en Espagne*. Journ. des Econ., July 15, 1921.
- NICOLA, G. B. *I rapporti economici fra le nazioni*. Riv. Intern., May, 1921. Pp. 7.
- OLGIN, M. J. *Agrarian problems in soviet Russia*. New Repub., Aug. 17, 1921. Pp. 3.
- PAYEN, E. *Le domaine colonial français, sa valeur économique*. L'Econ. Franç., Sept. 17, 1921.
- RAFFALOVICH, A. *Le Canada pendant les six dernières années (1914-1920)*. Journ. des Econ., July 15, 1921.
- SINGH, ST. N. *Do we enjoy fiscal freedom?* Wealth of India, June, 1921.
- SITTO-PINTOR, M. *La collaborazione effettiva sostituita all' esteriorità del controllo sulle aziende e sull' industria*. Riv. di Pol. Econ., Nos. III-IV, 1921. Pp. 9. Reflections on the newer developments of the relation of the state to industry in Italy.
- TURPEAU, J. *Situation économique de la Pologne*. Monde Econ., Aug. 20, 1921. Pp. 2.
- DU VIVIER DE STREEL. *La situation économique de l'Europe, ses conséquences et ses remèdes*. Bull. Soc. Belge des Ingénieurs, 1920, No. 2.
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(Abstracts by A. J. Dadisman)

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Commerce

(Abstracts by Harry R. Tosdal)

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Public Utilities

(Abstracts by Charles S. Morgan)

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- Radical readjustment proposed in New York City*. Elec. Ry. Journ., Oct. 1, 1921. Pp. 5. An extended abstract of important recent report of New York Transit Commission, in which were recommended municipal ownership and private operation, eventually under one operating company, of all transportation agencies.

Reduced fare in Cleveland. Elec. Ry. Journ., July 23, 1921. P. 1. To stimulate riding habit, fares in a limited downtown area have been reduced to three cents and two and one-half cents for tickets.

Regulations for jitneys. Elec. Ry. Journ., July 9, 1921. P. 1. Summary of recent Connecticut legislation which declares jitneys common carriers and prescribes regulations to which they are subject.

Accounting

(Abstracts by Martin J. Shugrue)

"ACCOUNTANT." *What a balance-sheet should show.* Finan. Rev. Rev., July-Aug., 1921. Pp. 15. A well-prepared elementary explanation in an English magazine written for the benefit of the investor rather than the accountant.

BELKNAP, R. H. *Shoe-factory accounting.* Journ. Account., Sept., 1921. Pp. 10.

COUCHMAN, C. B. *Classification of surplus.* Journ. Account., Oct., 1921. Pp. 14. How surplus should be classified on the balance sheet. In general it should be subdivided so as to indicate its various important sources.

DUNCAN, C. S. *Stock turnover—a deceptive index.* Annalist, Sept. 19, 1921. P. 1. Throws new light upon the significance of stock turnover in conducting a business.

FRANCIS, R. A. *Cost accounting for brick manufacturing.* Pace Student, July, 1921. Pp. 3. Presents clearly and concisely the cost system of a brick manufacturing concern.

FREEMAN, H. C. *Some considerations involved in the valuation of goodwill.* Journ. Account., Oct., 1921. Pp. 17. What goodwill is and how it should be valued. Cites a number of court decisions to illustrate both past and present tendencies.

GEIJSBEEK, J. B. *Sufficiency of vouchers.* Journ. Account., Aug., 1921. Pp. 12. The accountant is often faced with the problem as to whether or not a voucher presented to him is sufficient. Reviews a recent decision of the United States circuit court of appeals dealing with this matter.

KUHN, A. J. *Analysis of deposit accounts: determining profit or loss.* Trust Companies, Aug., 1921. Pp. 5. Result of study of the various methods of cost computation employed by banks and trust companies throughout the United States.

McCLUSKEY, H. C. *Anthracite mine accounting.* Journ. Account., July, 1921. Pp. 8. Lays particular emphasis on the questions of capital expenditures, valuations of coal lands and leaseholds, and depreciation and amortization.

MEYER, E. M. *Lumber costs.* Journ. Account., Aug., 1921. Pp. 7. In a large percentage of mills an average cost per thousand feet or, worse still, an arbitrary value, is used. This article shows the results of several methods of determining costs.

PORTER, G. H. *Accounting for electric alloy and tool steel.* Journ. Account., July, 1921. Pp. 15. An outline of the accounting classification, forms and records for electric furnaces manufacturing high grade alloy and tool steels.

PRUDDEN, R. F. *Bank credit investigator.* Bankers Mag., Aug., 1921. Pp. 12. The fourth of a series of articles. Takes up in detail the analysis of a credit statement. A well-illustrated and carefully prepared article.

REYER, W. C. *Accounting for construction in public utilities.* Journ. Account.,

Sept., 1921. Pp. 9. Summarizes briefly the general provisions in accounting for construction work of public utilities.

STAUB, E. E. *Profits and financing of manufacturing corporations.* Journ. Account., Aug., 1921. Pp. 10. Reasons why the layman is confused by the item surplus and has not complete faith in public accountants' statements. Proposed remedies for the situation.

SZEPESI, E. *Can cost be standardized in the wool manufacture?* Bull. Nat. Assoc. Wool Manufacturers, July, 1921. Pp. 13. Outlines and illustrates with charts and tables the possibilities of standardized cost control which would enable manufacturers to measure their costs directly and accurately. It is pointed out that this method of cost control will not interfere with the general accounting system and will serve as a check upon it.

TREGOE, J. H. *Standards for granting credit.* The Annals, Sept., 1921. Pp. 4. Some general principles to be observed in the granting of credit.

An accounting system for the smaller merchant. Pace Student, Aug., 1921. Pp. 6. Outlines an accounting system which should prove satisfactory for the use of retailers, such as leather-goods dealers, novelty stores, cutlery houses, and others selling units of various sizes and grades.

The danger in cost systems. Nation's Bus., Sept., 1921. P. 1. Discussion of how far a trade association may go in developing a uniform cost system for its members without being found guilty of using it for ulterior purposes, such as finding averages or otherwise making it the basis of price-fixing.

Labor and Labor Organizations

(Abstracts by David A. McCabe)

CHADBOURNE, T. L. *Face the labor issue.* Am. Labor Legis. Rev., Sept., 1921. Pp. 6. An appeal for political action along progressive lines.

CHASE, S. *Waste and labor.* Nation, July 20, 1921. Pp. 3. Waste will not be eliminated until labor unites with the technicians for the control of industry.

CLYNES, J. R. *Industrial disputes and their lessons.* Nineteenth Cent., Aug., 1921. Pp. 11. Author is one of the leaders of the British Labor party.

COMMONS, J. R. *Unemployment: compensation and prevention.* Survey, Oct. 1, 1921. Pp. 5. Arguments for plan of compensation embodied in bill before Wisconsin legislature, by which employer would pay fixed sum per day for each employee laid-off.

CROWTHER, S. *These workers set their own pay.* System, July, 1921. Pp. 5. Fixing standard times and rates of wages under the joint agreement in the Cleveland ladies' garment industry.

DEAN, J. S. *The fundamental unsoundness of the Kansas Industrial Court law.* Am. Bar Assoc. Journ., July 1921. Pp. 4. The law exceeds the limits of the police power in that it assumes the right of the state to fix conditions of employment in private industry in the absence of a great emergency. The production of fuel, food, and clothing cannot be "invested with a public interest" by mere act of the legislature.

DOUGLAS, P. H. and LAMBERSON, F. *The movement of real wages, 1890-1918.* Am. Econ. Rev., Sept., 1921. Pp. 19.

- EPSTEIN, A. *Have American wages permitted an American standard of living? A review of the important inquiries and their findings, 1890-1920.* The Annals, Sept., 1921. Pp. 22.
- GADSBY, M. *Engineers' report on industrial waste.* Mo. Labor Rev., Sept., 1921. Pp. 17.
- GOMPERS, S. *The Denver convention—action and review.* Am. Fed., Aug., 1921. Pp. 7.
- GREENWOOD, E. *International labor office—what it has done.* Am. Fed., Sept., 1921. Pp. 5. Author is American correspondent of the International Labor Office.
- HEATON, H. *The basic wage principle in Australian wages regulation.* Econ. Journ., Sept., 1921. Pp. 11. The difficulties of paying a basic wage to adult males equal to the family living-cost figure arrived at by the recent royal commission.
- KALET, A. *Effect of the war on working children in Germany.* Mo. Labor Rev., July, 1921. Pp. 12.
- KENAGY, H. G. *The prevention of labor turnover.* Administration, Oct., 1921. Pp. 5. Consideration of the factors that are amenable to control by the management.
- KRAUSE, L. *Trade union movement in Germany.* Am. Fed., Aug., 1921. Pp. 6. History of the movement since the revolution of November, 1918, and summary of the present situation.
- MACARA, C. W. *The industrial crisis and the remedy.* Nineteenth Cent., July, 1921. Pp. 9. Chiefly concerned with the textile industry, emphasizes need of coöperation of employers and operatives. Author was formerly president of Federation of Master Cotton Spinners Associations and a member of the Industrial Council appointed in 1911.
- MACDONALD, J. R. *The conference of the British Labor party.* Nation, Aug. 10, 1921. Pp. 2. The decisions of the June, 1921, conference. The failure of the coal strike has turned British labor again toward parliamentary action.
- MACKENZIE, W. *The British Industrial Court.* Intern. Lab. Rev., July-Aug., 1921. Pp. 10. Author is president of the court.
- LASKI, H. J. *England's unemployed.* Survey, Oct. 15, 1921. Pp. 2.
- LEDERER, M. *Social legislation in the Republic of Austria.* Intern. Lab. Rev., May-June, 1921. Pp. 27. Concerned almost entirely with labor legislation. Author is chief of the Social Welfare Department in the Austrian Ministry of Social Affairs.
- OWENS, J. W. *Gunmen in West Virginia.* New Repub., Sept. 21, 1921. Pp. 3. Unionization has ceased to be the controlling issue; the present phases of the conflict are due to the operators' use of armed men to evict the miners.
- PICARD, R. *Labour legislation in France during and after the war.* Intern. Lab. Rev., July-Aug., 1921. Pp. 14.
- ROCKEFELLER, J. D., JR. *Coöperation in industry.* Intern. Lab. Rev., Apr., 1921. Pp. 14.
- RUSSELL, C. E. *The birth of trade unionism in Japan.* Am. Fed., Sept., 1921. Pp. 5.
- RYAN, J. A. *The need of legal standards of protection for labor.* Am. Labor Legis. Rev., Sept., 1921. Pp. 6. Trade unionism, in face of industrial autocracy and belief in efficacy of "natural laws," does not furnish sufficient protection.

- SAPOSS, D. J. *Out of the beaten path—the Denver convention of the American Federation of Labor*. Survey, July 16, 1921. Pp. 2.
- SCOVILLE, J. W. *Cost of living and wages*. Administration, Oct., 1921. Pp. 4. Objections to basing wages upon cost of living. For the future the standard of living will have to fall because of declining per capita production.
- SHADWELL, A. *The labor situation in Great Britain*. Atlantic Mo., Sept., 1921. Pp. 11.
- SQUIRES, B. M. *The National Adjustment Commission*. Journ. Pol. Econ., July, 1921. Pp. 28. Critical account of the working of the joint commission plan for adjustment of labor terms for longshoremen during the war and later under the post-war agreement. Criticizes adversely the policy of the Shipping Board that led to the dissolution of the Commission. The author was for a time executive secretary of the Commission.
- SMITH, F. D. *Police power and the Kansas Industrial Court*. Am. Bar Assoc. Journ., Aug., 1921. Pp. 5. The necessity of uninterrupted production and distribution of fuel, food, and clothing and of the enforcement of reasonable conditions of employment brings the provisions of the Kansas law insuring these things within the police power of the state.
- STECKER, M. L. *Family budgets and wages*. Am. Econ. Rev., Sept., 1921. Pp. 20.
- SWEET, R. L. *Fifty years without a strike*. Am. Fed., Sept., 1921. Pp. 3. Author is secretary of a company which has been dealing with a union for thirty years.
- TA CHEN. *Labor unrest in China*. Mo. Labor Rev., Aug., 1921. Pp. 15.
- . *Wages and hours of labor in five Chinese cities, 1917 and 1920*. Mo. Labor Rev., Aug., 1921. Pp. 13. Largely statistical, with informing comments.
- TURNER, V. B. *Labor unrest in Egypt*. Mo. Labor Rev., Aug., 1921. Pp. 19.
- . *Labor unrest in India*. Mo. Labor Rev., July, 1921. Pp. 20.
- WAGGAMAN, M. T. *Labor unrest in Canada*. Mo. Labor Rev., July, 1921. Pp. 12.
- WARNER, A. *West Virginia—industrialism gone mad*. Nation, Oct. 15, 1921. Pp. 2. Conflict is due to denial by employers of right to join the union.
- WHITAKER, C. H. *The building guilds of England*. Nat. Munic. Rev., July, 1921. Pp. 5. The building trades unions have been successful with the contracts they have so far undertaken for the construction of houses, in spite of opposition from the government. The author is editor of the *Journal of American Institute of Architects*.
- WHITNEY, A. L. *Labor unrest in Japan*. Mo. Labor Rev., July, 1921. Pp. 11.
- WOLFE, F. E. *A survey of profit-sharing and bonuses in Chicago printing-plants*. Journ. Pol. Econ., July, 1921. Pp. 22.
- YVES-GUYOT. *Les salaires et les prix*. Journ. des Econ., July 15, 1921. Pp. 14. Raising wages to correspond with rising index numbers finally produced industrial stagnation through checking demand and refusals to accept the wage reductions that would make price reductions possible have prolonged the depression. Cites American operatives and British miners as examples.
- Action towards the alleviation of unemployment*. Lab. Gaz. (Can.), Aug., 1921. Pp. 4.

Action of various countries upon decisions of International Labour Conferences. Lab. Gaz. (Can.), Aug., 1921. Pp. 4.

The adjustment of wages to the cost of living. Intern. Lab. Rev., July-Aug., 1921. Pp. 14. The principal schemes followed in the several industrial countries for automatic changes in wages with changes in the index number of living costs.

Adjustment of wages in accordance with cost of living. Lab. Gaz. (London), Aug., 1921. Pp. 2. Estimates that 2,750,000 workers in Great Britain are covered by agreements between employers and unions providing for automatic adjustment of wages to index numbers. Gives summaries of the principal agreements.

Annual convention of the American Federation of labor—synopsis of proceedings of the forty-first meeting, at Denver, Colorado. Lab. Gaz. (Can.), July, 1921. Pp. 9.

Apprenticeship in Canada—notes on recent developments and prevailing practice. Lab. Gaz. (Can.), July, 1921. Pp. 8.

British coal miners' strike, 1921. Mo. Labor Rev., Aug., 1921. Pp. 10.

Conciliation and arbitration in collective labor disputes in France. Intern. Labor Rev., July-Aug., 1921. Pp. 13.

Decisions of the United States Railroad Labor Board respecting working conditions and decreases in rates of wages for railroad employees. Lab. Gaz. (Can.), July, 1921. Pp. 10.

Employee representation in the American Multigraph Company. Mo. Labor Rev., July, 1921. Pp. 4. Two years of successful operation under the Leitch plan.

The end of the coal dispute. Nation, July 27, 1921. Pp. 2. The terms of settlement of the British coal strike, as issued by the Board of Trade, and the letter of the executive officers of the Miners' Federation urging acceptance of these terms by their members.

Further action towards the alleviation of unemployment. Lab. Gaz. (Can.), Sept., 1921. Pp. 4.

The growth of trade unionism since 1913. Intern. Lab. Rev., July-Aug., 1921. Pp. 32. Gives growth by countries; a list of sources is appended.

Industrial employment. Special Letter, Oct. 8, 1921. Committee on Economic Research, Harvard Univ. Pp. 7.

The International Labour Office and the protection of children. Intern. Lab. Rev., July-Aug., 1921. Pp. 23.

Recent labor agreements and decisions. Mo. Labor Rev., July, 1921. Pp. 17. Includes the June, 1921, decisions of the United States Railroad Labor Board reducing wages.

Symposium. Stop-watch time study, an indictment and a defense. Bull. Taylor Soc., June, 1921. Pp. 38. Issue is whether the best methods and standard times can be better determined by micro-motion study or the older stop-watch time study.

Trades and Labour Congress of Canada—synopsis of the proceedings of the thirty-seventh annual convention. Lab. Gaz. (Can.), Sept., 1921. Pp. 24.

Unemployment survey, 1920-1921, with standard recommendations. Am. Labor Legis. Rev., Sept., 1921. Pp. 29.

Workers' education in Italy. Intern. Lab. Rev., July-Aug., 1921. Pp. 11. Deals largely with schools for trade unionists and workers' colleges.

Public Finance

(Abstracts by Charles P. Huse)

- ADAMS, T. S. *Fundamental problems of federal income taxation*. Quart. Journ. Econ., Aug., 1921. Pp. 30. Believes 33 per cent the highest practical rate.
- AKERMAN, C. *Some aspects of war finance*. Pacific Rev., Sept., 1921. Pp. 17. Considers the incidence of the war burden.
- ALLEN, J. E. *Rates and taxes*. Fortn. Rev., Mar., 1921.
- BADULESCO, V. V. *Le prélèvement sur le capital en Allemagne comme moyen de liquidation des charges financières de la guerre*. Rev. de Sci. et de Légis. Finan., Apr.-June, 1921. Pp. 23. Believes this measure will help in solving Germany's financial problems.
- BONNARD, R. *Les finances locales et la réforme des impôts locaux*. Rev. de Sci. et de Légis. Finan., Apr.-June, 1921. Pp. 28. Studies methods of relieving the burden which the war has placed on local as well as central governments.
- CALDWELL, J. H. *The proposal to subject income from state and municipal securities to federal income tax*. Savings Banks Mo. Journ., Aug., 1921. Pp. 5. Believes McFadden amendment should be altered if it is to remove the evil of tax exemption.
- CASSAT, D. B. *A unique solution of the delinquent-tax problem*. Am. City, June, 1921. Pp. 3.
- CHLEPNER, B. S. *Le nouveau régime fiscal de l'Allemagne*. Rev. de l'Inst. de Soc., May, 1921. Pp. 36. The revolutionary changes in Germany's tax system were made hastily, have led to much fraud and evasion, and require modification.
- ESTCOURT, R. *Why not a sales tax?* South Atlantic Quart., July, 1921. Pp. 10. Believes it is contrary to existing tax policies.
- FRY, W. T. *Britons overseas and the income tax*. United Empire, July, 1921. Pp. 4. Explains England's method of taxing her subjects residing abroad.
- GINI, C. *Problèmes financiers d'après guerre*. Scientia, June-Aug., 1921. Appearing in three successive issues, these articles deal respectively with public debts, taxes on capital, and Rignano's project for heavier inheritance taxes on property inherited, not saved, by the decedent.
- HAYES, F. M. *How much inheritance tax?* Journ. Am. Bankers Assoc., Sept., 1921. Pp. 2. A survey of the history and present system of inheritance taxes.
- KING, C. L. *Taxation that will not impair business*. The Annals, Sept., 1921. Pp. 9. Prefers graduated corporation tax to sales tax.
- LAUZANNE, S. *What the French taxpayer pays*. Annalist, Sept. 19, 1921. Pp. 2. A useful description of the French tax system.
- MAGNI, E. *La pressione delle imposte dirette in Italia*. Riv. di Pol. Econ., No. V., 1921. Pp. 18.
- PAGE, T. W. *Colonial tariffs a menace to peace*. Am. Rev. Rev., Sept., 1921. Pp. 6. Reviews the existing systems and makes a plea for the open door policy.
- POTTER, A. G. *Virginia-West Virginia debt dispute*. Journ. Account., Sept., 1921. Pp. 16. Describes the method used in calculating West Virginia's share of the debt.

- ROSS, N. F. *The problem of reducing the tax exempt evil.* Annalist, Aug. 8, 1921. Pp. 2. Traces the history of the problem and discusses the McFadden amendment.
- SCANGA, G. *La denuncia dei trattati di commercio e l'approvazione della nuova tariffa doganale.* Tempo Econ., June-July, 1921. Pp. 3.
- SELLS, E. W. *Why not lessen the evils of present taxation?* Journ. Account., Sept., 1921. Pp. 6. Advocates repeal of surtax and excess-profits tax and placing of a tax on sales to the consumer.
- SENSINI, G. *Le equazioni dell' equilibrio economico-finanziario, per un punto dato, nel caso delle imposte e in un regime di libera concorrenza economica.* Riv. Ital. di Soc., Oct.-Dec., 1920. Pp. 18.
- STAUB, W. A. *Fallacies of the sales tax.* Journ. Account., Aug., 1921. Pp. 10. Argues against the tax and in favor of reduction of federal expenditures.
- VIALATE, A. *Le mouvement protectionniste aux Etats-Unis.* L'Econ. Franç., Aug. 6, 1921. Pp. 3. The United States with large manufacturing interests should adopt a more moderate protectionist policy, if she wishes to keep her foreign markets for these goods.
- VIGORELLI, R. *La difesa fiscale e giuridica della piccola proprietà.* Riv. Intern., May-June, 1921. Pp. 6, 12.
- VINER, J. *The international aspect of tariff legislation.* Pacific Rev., Sept., 1921. Pp. 11. The change in the character of our exports now lays us open to economic retaliation.
- . *Tax reform proposals at the Illinois Constitutional Convention.* Journ. Pol. Econ., July, 1921. Pp. 4. Proposes an income tax with lower rates on income not derived from property.
- VIRTUE, G. O. *New phases of the classified property tax.* Journ. Pol. Econ., July, 1921. Pp. 5. While adopting a lower rate for intangible personalty, in the different districts as the rate on tangible property varies.
- WILLIAMSON, K. M. *The literature on the sales tax.* Quart. Journ. Econ., Aug., 1921. Pp. 16. A critical review of the opinions of different groups and different individuals.
- The Emergency Tariff law.* Bull. Nat. Assoc. Wool Manufacturers, July, 1921. Pp. 15. Gives the history and text of the act.
- Essential elements of the federal revenue and taxation problem.* Econ. World, Sept. 10, 1921. Pp. 3.
- Tax-exempt securities.* Weekly Rev., Aug. 13, 1921. Pp. 2. While the abolition of tax-exempt securities would be desirable, the passage of the necessary constitutional amendment would probably be strongly opposed by the states and cities.

Insurance and Pensions

(Abstracts by Henry J. Harris)

- BLANCK, W. *Die Umgestaltung des Geld- und Kapitalmarkts und die deutsche Sachversicherung.* Zeitsch. f. d. ges. Versicherungswis., July, 1921. Pp. 7. The moment that paper is substituted for gold, the foundation of property insurance is destroyed.
- BÖHMER, P. E. *Versicherungsgeometrie.* Zeitsch. f. d. ges. Versicherungswis., July, 1921. Pp. 14.

- COMMONS, J. R. *Unemployment: compensation and prevention*. Survey, Oct. 1, 1921. Pp. 5. The Huber bill for the insurance and prevention of unemployment (Wisconsin legislature) proposes: waiting period 3 days; an employee of 6 months standing when discharged must be paid by employer one dollar a day for thirteen weeks, state pays ten cents a day for administration; employers form mutual insurance company to carry risk. Plan offers inducement to employer to save money by reducing unemployment. Author describes European systems of unemployment insurance.
- COX, F. J. *An analysis of the Untermyer "disclosures" about fire insurance*. Econ. World, July 16, 1921. Pp. 3. The criticisms are without foundation.
- DÖRSTLING, T. *Die Lebensversicherungsschein als hinkendes Inhaberpapier*. Zeitsch. f. d. ges. Versicherungswis., July, 1921. Pp. 11.
- DOUCET, R. *Les assurances sociales*. Monde Econ. (Paris), Sept. 1, 1921. Pp. 3. Opposes the bill introduced by the minister of labor providing for sickness, invalidity, old age, maternity, etc., insurance. Contributions put at ten per cent of earnings, paid half by employer and half by insured.
- DÜTTMAN. *Die Weiterentwicklung der Invaliden- und Hinterbliebenen-Versicherung*. Zeitsch. f. d. ges. Versicherungswis., July, 1921. Pp. 10. Present situation of the carriers a grave one. Recommends temporary changes in the law until conditions become stabilized.
- FAIRCHILD, C. W. *Fatal defects in the "reciprocal" or "inter-insurance" plan of insurance*. Econ. World, Aug. 20, 1921. Pp. 2. Shows the dangers involved in this system.
- HERZ, F. *Kapitalertragsteuer und Lebensversicherung*. Zeitsch. f. d. ges. Versicherungswis., July, 1921. Pp. 10. Act came into force March 31, 1920, and its application to life insurance has produced an involved state of affairs.
- KISCH, W. *Einfluss der erhöhten Versicherungsleistung auf die Prämie, insbesondere bei der Haftpflicht-versicherung*. Zeitsch. f. d. ges. Versicherungswis., July, 1921. Pp. 9. The revolutionary changes in the value of money mean either that the premium must be increased or the contract abrogated in the case of liability insurance.
- LIESSE, A. *Un projet d'assurances sociales obligatoires*. L'Econ. Franç., July 17, Sept. 3, 1921. Pp. 3, 3. Analysis of the government's bill with the conclusion that it will result in nothing but disillusion, like the retirement law.
- McFEE, J. R. *Credit and bequest insurance*. Econ. World, Sept. 10, 1921. Pp. 2. Where credit is based on character alone, life insurance is needed. The uncertainties connected with wills make life insurance a surer method; a life policy is in effect a will that cannot be broken.
- MIDDLETON, E. *Underwriting problems in connection with use and occupancy insurance*. Econ. World, July 30, 1921. Pp. 3. Business interruption indemnity problems.
- STURM, J. *Die gesundheitlich minderwertigen Leben und die Versicherungsmedizin*. Zeitschr. f. d. ges. Versicherungswis., July, 1921. Pp. 13. Summary of the experience of a German company dealing with sub-standard lives only. Gives influence of various disabilities; e.g., tuberculosis, war wounds, etc., on mortality.
- SWANSEN, S. T. *Federal income tax and inheritance tax rulings relating to life in-*

- urance. *Econ. World*, Sept. 17, 1921. Pp. 3. Policy holders, including the smallest, pay $3\frac{3}{4}$ per cent of their premiums and 12 per cent of their dividends in state and federal taxes.
- VOSHELL, J. K. *The remarkable growth of industrial life insurance in the United States*. *Econ. World*, July 23, 1921. Pp. 2. In forty years the total policies have increased 65 times and amount of insurance has grown 26 times, from one and one half billion to forty billion.
- WATSON, A. W. *The financial effects of the amended unemployment insurance law proposed by the British government*. *Econ. World*, July 9, 1921. Pp. 2. Summary of Sir Alfred Watson's report; he estimates the total expenditure proposed for 1921-1922 to be £47,070,000, with a deficit of £16,000,000 to be borrowed from the treasury. The two following years should reduce this.
- Committee on unemployment insurance in agriculture*. *Lab. Gaz.* (London), July, 1921. P. 1. Summarizes report which recommends no action on proposal to include agricultural workers under the insurance act. Both employers and workers oppose such insurance whether compulsory or voluntary.
- Legal aspects of workmen's compensation insurance in Great Britain*. *Econ. World*, Aug. 27, 1921. Pp. 3. Judicial interpretation of such clauses as "in the course of the employment," etc.
- Sickness among New York state factory workers in 1919*. *Econ. World*, Sept. 24, 1921. Pp. 3. The investigation of the state department of labor showed that the per capita loss of working time was 1.1 days in six months and the wage loss was \$4.20.

Pauperism, Charities, and Relief Measures

(Abstracts by George B. Mangold)

- BECKER, J. D. *Big Brothers and Big Sisters*. *Cath. Charities Rev.*, June, 1921. Gives an excellent epitome of the principles that should govern all Big Brothers and Big Sisters work.
- CLARK, W. W. *Success records of prisoners and delinquents*. *Journ. Delin.*, July, 1921. Presents facts relating to the success of various institutions in improving their inmates. The average success record for eight penitentiaries and reformatories was 73.4 per cent, and for four industrial schools for girls 69.1 per cent. The percentage of successful cases runs considerably higher for the normal than for the feeble-minded.
- . *Supervised conduct response of delinquent boys*. *Journ. Delin.*, May, 1921. Presents the results of a year's observation of 143 delinquent boys in regard to conduct-response. Retardation, temperament, and home conditions apparently influenced the results but little. Sex offences and race were factors of some importance and a better response was obtained from those of low than of high mentality.
- FEUGÈRE, E. *L'assistance publique à Paris en 1921*. *L'Econ. Franç.*, Aug. 20, 1921. Brief analysis of the expenditures in Paris for philanthropic purposes.
- FOSTER, MRS. K. K. and BURLINGAME, C. M. *A study of children in institutions in Los Angeles*. *Journ. Delin.*, July, 1921. Confirms other studies of a similar character. Children in institutions are not orphans or half orphans largely, but in

most cases both parents are living. Concludes that such institutions fail in part to meet the real needs of the child and that they should coöperate more closely with other social agencies.

GOFF, F. H. *Evils of "the dead hand"; obsolescent charities and endowments.* Trust Companies, June, 1921. An argument against inflexible charitable endowments. Gives many instances of endowments that have been rendered useless because of changed conditions, and urges methods of reducing the tyranny of the "dead hand" in controlling the service of charitable gifts.

Report of annual meeting of London Charity Organization Society. Charity Organ. Rev., June, 1921. Contains a brief statement of the program and problems of the London Society.

Report of proceedings at conference of Charity Organization and kindred societies. Charity Organ. Rev., July, 1921. Among the subjects discussed were such topics as education of ex-service men, housing and day nurseries. There is a short but excellent account of the work formerly promoted by Miss Octavia Hill.

Socialism and Co-operative Enterprises

FEIS, H. *Beer's "History of British Socialism."* Quart. Journ. Econ., Aug., 1921.

LASKINE, E. *Les conflits de tendances du socialisme français.* Réf. Soc., June, 1921. Pp. 22.

ROCCO, M. *Esperimenti d'economia socialista.* Riv. di Pol. Econ., No. V, 1921. Pp. 10.

ZAGORSKY, S. *L'évolution actuelle du bolchévisme.* Rev. d'Econ. Pol., May-June, 1921. Pp. 26.

The results of the economic policy of communism for the first nine months of 1920. Russian Econ., Jan., 1921.

Statistics

(Abstracts by Horace Secrist)

BARTON, D. M. *Women's minimum wages.* Journ. Royal Stat. Soc., July, 1921. Pp. 30. "The aim of this paper is to make such comparison as is possible between the wages of women fixed by trade boards and enforceable in a court of law and those voluntarily agreed upon between employers and employees."

BIVINS, P. A. *The ratio chart and its application.* II and III. Industrial Man., Aug., Sept., 1921. Pp. 6, 7. Continuation of the series of articles begun in the July number of *Industrial Management*.

BOUTROUX, P. *Travaux statistiques relatifs aux mouvements de nos effectifs pendant la guerre.* Journ. Soc. de Stat. de Paris, June, 1921. Pp. 10.

CLARK, W. *The Gantt chart, II.* Man. Engg., Sept., 1921. Pp. 6. A continuation of the earlier article in this series.

DAVIS, R. M. *Electrical statistics as a barometer of industrial activity.* Quart. Pub. Am. Stat. Assoc., Sept., 1921. Pp. 6. The monthly statistics of the central electric station industry, published in the *Electrical World*, indicate changes in industrial activity in different sections of the country and in the country as a whole.

- FRICKEY, E. *An index of industrial stock prices*. Rev. Econ. Stat., Aug., 1921. Pp. 14. An interesting article in the light of both method and comparison with other indexes of stock prices. "In constructing our indices the purpose was not to measure the aggregate money cost of a selected group of shares or to compare price levels at widely separated dates; we desired, rather, to secure indices representing as accurately as possible those long-time swings, or cyclical movements, in stock prices which indicate the alternation of general speculative activity and depression."
- GREENWOOD, G. W. *Losing a profit through averages*. Man. Engg., Sept., 1921. P. 1. An example of illogical inference from averages.
- HOOKESTADT, C. *Discussion of an American accident table*. Mo. Labor Rev., July, 1921. A description of a recent American accident table, and a comparison of the same with Rubinow's standard accident table.
- KINCER, J. B. *Computing the cotton crop from weather records and ginning reports*. Mo. Weather Rev., May, 1921. Pp. 5.
- KITCHIN, J. *The position of gold*. Rev. Econ. Stat., Aug., 1921. Pp. 7. "This article will be an attempt to look into the more immediate future of the world's output of gold and to deal with its consumption, and more particularly the amount of it available for monetary uses."
- MOORE, H. L. *Generating cycles reflected in a century of prices*. Quart. Journ. Econ., Aug., 1921. Pp. 20. A mathematical analysis after the methods of Professors Schuster and Turner of Sauerbeck's index numbers from 1818 to 1913 from which the author concludes that there have been real cycles of approximately eight years. The clue to this eight-year cycle is found in the eight-year crop yield cycle which Professor Moore has found characterized the United States, England, and France.
- PEAKE, E. G. *The relationship between the American and French exchanges and the rates of interest and discount*. Bankers' Mag. (London), Aug., 1921. Pp. 12. An interesting study in which are given correlation coefficients. Concludes: "(1) That relationships exist between the United Kingdom-United States of America and United Kingdom-French exchanges, on the one hand, and the rate of interest on floating money, the rates of discount on three and six months' bank bills, and the differences between these rates on the other. (2) That relationships exist between the United Kingdom-United States of America and United Kingdom-French exchanges. (3) That peculiarities in these relationships occur, which could only be explained by those in intimate touch with the money market."
- PERSONS, W. M. *Fisher's formula for index numbers*. Rev. Econ. Stat., May, 1921. Pp. 10.
- REED, L. J. *Fitting straight lines*. Metron, Apr., 1921. Pp. 8. A clear statement and solution of the problem of fitting a straight line to a set of observed points.
- SECRET, H. *Statistics and the scientific method*. Administration, Sept., 1921. Pp. 6. An explanation of statistics and statistical methods in terms of scientific method.
- SYDENSTRICKER, E. and KING, W. I. *The classification of the population according to income*. Journ. Pol. Econ., July, 1921. A description and explanation of the method by which the authors have developed "ammass scales" from income and expenditure records of South Carolina cotton-mill operatives, together with valu-

able critical comments on the practical problems arising in connection with the computation of family incomes.

YOUNG, A. A. *The measurement of changes of the general price level*. Quart. Journ. Econ., Aug., 1921. Pp. 17. A fundamental inquiry into the meaning of the expression "the general level of prices" and of the most appropriate method of measuring it.

YULE, G. U. *On the time-correlation problem, with especial reference to the variate-difference correlation method*. Journ. Royal Stat. Soc., July, 1921. Pp. 30. A valuable critical review of the variate-difference method of measuring correlation.

Expresion grafica de hechos economicos. Econ. Argentina, Apr., May, 1921. Pp. 16. An interesting series of graphic charts and tables showing among other things circulation of paper money in Argentina, 1882-1921.

Measuring the cost of living. Economist (London), Sept. 3, 1921. Pp. 2.

The thirteenth census of Scotland. Economist (London), Sept. 10, 1921. Pp. 2.

Wheat prices. Special report of the Federal Reserve Agent at Minneapolis, Sept. 26, 1921. Pp. 6. An interesting study with charts of wheat prices in Minneapolis, and of the gain or loss which results from holding wheat for late markets rather than selling at the time of harvest.

NOTES

The annual meeting of the AMERICAN ECONOMIC ASSOCIATION will be held in Pittsburgh, Pennsylvania, December 27-30, with headquarters at the William Penn Hotel. According to the tentative plans for the program, the meeting will be opened on Tuesday afternoon, December 27, by papers on "The business cycle" by W. C. Mitchell and W. M. Persons. At the evening session, J. H. Hollander of the American Economic Association and C. W. Doten of the American Statistical Association will deliver presidential addresses. At the morning session on Wednesday, December 28, "The railroad situation" will be the subject, with papers by Walker D. Hines and L. G. McPherson and discussion. The afternoon meeting will begin with a paper on "The nation's finances" by E. R. A. Seligman, to be followed by a second paper and discussion. "The labor problem" will be the subject of the evening session, papers to be presented by G. E. Barnett and W. M. Leiserson. On Thursday, December 29, there will be two joint sessions with the American Statistical Association. The subjects will be: at the morning session, "Industrial accidents," E. H. Downey giving the leading paper; at the afternoon session, "The national income," papers by F. R. Macaulay and Oswald Knauth. There will probably be Round Tables on the teaching of elementary economics, on marketing, and on economic theory.

Arrangements have been made with the railway officials for reduced fares for the members attending the annual meeting, provided the required number (350) present certificates.

The following associations will also meet in Pittsburgh at the same time:

- American Statistical Association.
- American Political Science Association.
- American Sociological Society.
- American Association of University Instructors in Accounting.
- American Farm Economics Association.
- American Association of University Professors.

The following names have been added to the membership of the AMERICAN ECONOMIC ASSOCIATION since the first of August:

- Angus, W. N., 161 West 105th St., New York City.
- Ayres, Colonel L. P., Cleveland Trust Co., Cleveland, Ohio.
- Boardman, B., 195 Broadway, New York City.
- Brizzie, J. F., 923 Chestnut St., Chattanooga, Tenn.
- Buechel, F. A., Texas Agri. Experiment Station, College Station, Tex.
- Burney, W. J., 517 E. Washington St., Iowa City, Ia.
- Cady, T. S., Fidelity National Bank & Trust Co., Kansas City, Mo.
- Elston, J. S., Travelers Insurance Co., Hartford, Conn.
- Englund, E., Kansas Agricultural College, Manhattan, Kans.
- Evans, Rev. W. W., Northbridge Center, Mass.
- Gardner, E. H., University of Wisconsin, Madison, Wis.
- Goodhue, H. E., Sherbrooke, Quebec, Canada.

- Goodrich, W. S., 282 8th St., Oakland, Calif.
 Gordon, S. O., Duaneburg, N. Y.
 Harvey, Rev. E. D., Changsha, Hunan, China.
 Hood, F., Box 832, La Crosse, Wis.
 Hourwich, I., Arnold Place Apts., Dayton, Ohio.
 Howe, R. B., 231 W. Madison St., Chicago, Ill.
 Huang, K., 24 A Kiangse Rd., Shanghai, China.
 Hurlin, R. G., Russell Sage Foundation, New York City.
 Jeter, H. R., 505 West 5th St., North Platte, Neb.
 Johnson, O. H., 320 Niagara St., Sheboygan, Wis.
 Lee, F. E., American Consulate General, Shanghai, China.
 Leonard, R. H., Wampanoag Mills, Fall River, Mass.
 Lewisohn, A., 61 Broadway, New York City.
 Luck, T. S., 20 Kirkwood Hall, Indiana University, Bloomington, Ind.
 McCracken, H. T., University of Wisconsin, Madison, Wis.
 Max, W. D., 208 Sterling St., Brooklyn, N. Y.
 Maynard, H. H., State College of Washington, Pullman, Wash.
 Mertzke, A. G., University of Wisconsin, Madison, Wis.
 Noriyosha Ota, 5 Shunzakimachi, Fukawagawaku, Tokyo, Japan.
 Okinaka, P. T., 102 West 123d St., New York City.
 Piper, C. B., 204 Prospect St., Belmont, Mass.
 Russel, A. W., Russel Wheel & Foundry Co., Detroit, Mich.
 Smith, H. L. H., 35 Harvard St., Worcester, Mass.
 Spruill, C. P. Jr., Exeter College, Oxford, Eng.
 Takaku, T., 5755 Hazel Ave., West Philadelphia, Pa.
 Tang, C. T., 535 Conklin Place, Madison, Wis.
 Taylor, E., Box 12, Washington Depot, Conn.
 Tugwell, R. G., Hamilton Hall, Columbia University, New York City.
 Walters, H., 71 Broadway, New York City.
 Wehrwein, G. S., Physics-Economics Bldg., Madison, Wis.
 Wright, H. R., 5512 Hyde Park Boulevard, Chicago, Ill.
 Wright, I., University of Illinois, Urbana, Ill.

The judges selected for the Second Karelsen Prize Essay Competition are:

Representative of employers, William C. Proctor, president, Proctor & Gamble Company; Representative of employees, Samuel Gompers, president, American Federation of Labor; Socialist, John Spargo, author and lecturer; Economist, Willard E. Hotchkiss, director, National Industrial Federation of Clothing Manufacturers; Public man, Harry A. Garfield, president, Williams College, and former fuel administrator. The subject for the essays is "The relations of capital and labor." The terms of the contest have already been given in the June and September REVIEW. Circulars regarding the contest will be sent upon application to the Secretary of the American Economic Association, Yale Station, New Haven, Conn.

The two essays which won the Karelsen prizes on "What can a man afford?" are now in press, and will shortly be issued by the Association as a supplement.

The trustees of the American Field Service Fellowships for French Universities have made an announcement in regard to the conditions for fellowships for 1922-23. A circular may be obtained by application to the executive secretary, Dr. I. L. Kandel, 522 Fifth Avenue, New York, N. Y. Twenty-five fellowships of the value of \$200 plus 10,000 francs will be awarded.

The second annual meeting of the International Chamber of Commerce will be held in Rome during the week of Sept. 18, 1922.

The first session of the National School for Chamber of Commerce Secretaries was held at Northwestern University, Evanston, Illinois, July 18-30, 1921, under the joint auspices of the Chamber of Commerce of the United States, the National Association of Commercial Organization Secretaries, and the Northwestern University School of Commerce.

The American University at Washington has established a new graduate school of business administration, described in a pamphlet recently published (1907 F Street, N. W., Washington, D. C.).

Announcement is made of the early publication in January, 1922, of *Railroads and Government, Their Relations in the United States, 1910-1921*, by Professor Frank H. Dixon, of Princeton University.

The report of the Librarian of Congress for 1920 calls attention to the purchase of the Holker papers by the Library of Congress. These papers of John Holker, consul general of France to the United States, number 2000 pieces dating from 1777 to 1820. The group is said to be of special value to the study of the economic history of the Revolution.

The Library of Congress has published *A List of American Doctoral Dissertations Printed in 1919* (Washington, 1921, pp. 167). Pages 91-96 relate to social sciences. It has also included a supplementary list of theses printed 1916-1918.

The *Charity Organisation Review* of London has ceased publication.

The United States Employment Service of the federal Department of Labor is publishing a monthly bulletin entitled *Industrial Employment Survey Bulletin*.

The Department of Labor, Ottawa, has begun the publication of a bulletin entitled *Employment* (Ottawa, Dept. of Labor).

The Division of Oriental Commerce and Politics, New York University, is issuing a monthly digest of commerce, industry, finance, and politics, entitled *The Eastern Economist* (New York, 90 Trinity Place; \$1.50 per annum).

The Institute of International Education, 419 West 117th Street, New

York City, announces that Professor von Schulze Gaevernitz, professor of economics in the University of Freiburg, wishes to lecture in American universities during the winter of 1921-22. Lectures will be given in the English language. Announcement is made by the same organization that Dr. Rowland Hegedus, professor of political economy at the University of Budapest, will lecture at Columbia University during the winter and will be available for lectures at other colleges.

Appointments and Resignations

Mr. Harlow H. Allen, who was assistant last year at the University of Chicago, has been appointed instructor at the University of Illinois.

Professor Lloyd V. Ballard has been made head of the department of economics at Beloit College, Wisconsin.

Professor Albert J. Barlow, recently of the staff of the College of Business Administration of Boston University, is conducting courses in business administration at the University of Virginia during the absence of Professor Eldred.

Mr. T. N. Beckman has been appointed instructor in economic and social geography at Ohio State University.

Dr. Howard Beris, formerly instructor in economics at the University of Cincinnati, has been appointed professor of law in the same institution.

Mr. Edward Berman has been made instructor in economics at the University of Illinois.

Mr. V. W. Bladen, of Oxford University, has been appointed lecturer in the department of political economy at the University of Toronto.

Mr. T. C. Billig has been appointed instructor in economics at Washington and Jefferson College.

Mr. J. F. Bogardus has been engaged as instructor in economics in the liberal arts college of the University of Cincinnati.

Mr. Orton W. Boyd has been appointed instructor in accounting at Ohio State University.

Mr. Pembroke H. Brown has been made instructor in economics at the University of Illinois.

Mr. William J. Burney has been appointed instructor in economics at the State University of Iowa.

President Kenyon L. Butterfield, of Massachusetts Agricultural College, is on leave of absence, serving on an Educational Commission organized by the Foreign Missions Conference to study educational needs in China.

Dr. Mollie Ray Carroll is now chairman of the department of social science in Goucher College.

Professor Clayton D. Carus has resigned from the Washington State College to take charge of the courses in foreign trade and Latin-American relations in the College of Commerce and Business Administration at the University of Southern California.

Professor F. E. Clark, of Northwestern University, gave courses during the summer quarter at the University of Chicago.

Mr. E. L. Clarke, formerly instructor in sociology at Ohio State University, has now been made assistant professor at the same institution.

Professor Henry Clay of England gave a series of four lectures in the University of Chicago during the first week in July. The lectures were arranged through the department of political economy and were on the following topics: English departmental system of administration; the industrial situation in England; relations between employers and employed in England (two parts).

Dr. M. A. Copeland has accepted a position as instructor in economics at Cornell University.

Professor H. W. Cordell has been given the headship of the department of economic science and history at the State College of Washington, Pullman, Wash.

Professor Peter C. Crockatt, of the University of Oregon, has been absent on leave for the fall term and has been finishing his work for the doctor's degree at the University of California.

Mr. F. E. Croxton, of Ohio State University, has been made instructor in economics.

Dr. W. W. Cumberland, for the past year foreign trade adviser of the Department of State, has now been appointed administrator of customs of the Republic of Peru, and left for his new post in November.

Miss Agnes Drury, of Ohio State University, has been made instructor in sociology.

Mr. E. T. Dummeier, of the University of Colorado, has accepted an appointment as instructor in rural economics at Washington State College.

Mr. George J. Eberle, for many years statistician and cost accountant in the United States and Canada, has been appointed professor of statistics and public utilities in the College of Commerce and Business Administration of the University of Southern California.

Professor George W. Eckelberry has been promoted from assistant professor to professor of accounting at Ohio State University.

Dr. Wilfred Eldred, associate professor of business administration at the University of Virginia, has been granted a year's leave of absence to join the staff of the Food Research Institute of Stanford University, California, as research associate.

Dr. Richard T. Ely, of the University of Wisconsin, has recently given a group of lectures on the economics of agriculture to the staff of the Bureau of Markets and Crop Estimates of the United States Department of Agriculture. Dr. Ely's lectures were part of a series of lectures by various economists to members of the Bureau.

Mr. Elmer D. Fagan has been appointed instructor in agricultural economics at the University of Southern California College of Commerce and Business Administration.

Mr. C. R. Fay, Fellow of Christ College, Cambridge, has been appointed to a professorship of economic history at the University of Toronto.

Dr. Herbert Feis has been appointed associate professor of economics at the University of Kansas.

Mr. J. A. Fitzgerald, formerly of the University of Texas, has been appointed assistant professor of business organization at Ohio State University.

Dr. Robert F. Foerster is devoting the current academic year to the study of industrial relations in a number of the larger manufacturing and mining companies.

Professor David Friday, of the University of Michigan, has been elected president of the Michigan Agricultural College.

Mr. A. A. Friedrich, last year a fellow in the department of political economy of the University of Chicago, is this year assistant professor in the department of economics at Reed College.

Dr. C. L. Goodrich has been awarded the Amherst Memorial Fellowship and is engaged in research on the bituminous coal industry in America.

Mr. L. R. Gottlieb, editor of the Bankers Economic Service of New York City, has been engaged as financial expert for the United States Treasury Department to make a study of foreign financial data for presentation to the Conference on Limitation of Armament.

Mr. Henry F. Grady has recently been appointed to the faculty of the University of California as lecturer in foreign trade. Mr. Grady is giving three courses, one in the principles of foreign trade, one in foreign sales methods and documentary technique, and another on the trade of the Great Powers.

Mr. D. M. Halfant has been appointed assistant in the department of economics at the University of Illinois.

Professor M. B. Hammond, of Ohio State University, gave courses during the summer quarter at the University of Chicago.

Mr. George D. Haskell has been appointed instructor in economics at Ohio State University.

Mr. Oscar W. Haussermann, of Herrick, Smith, Donald & Farley, Boston, has been appointed lecturer in business law at the Massachusetts Institute of Technology.

Mr. Francis W. Hirst of London, is spending the fall semester of 1921 at the University of California, where he is giving a course on the financial and industrial condition in Europe, and is also delivering a series of lectures on political and financial conditions in Europe.

Professor W. E. Hotchkiss has returned to Northwestern University as professor of economics. Professor Hotchkiss will continue to serve as director of the National Industrial Federation of Clothing Manufacturers.

Mr. Chu Hsiao has been appointed instructor at the University of Missouri.

Professor W. T. Jackman has been promoted from assistant professor to associate professor of rural economics at the University of Toronto.

Professor G. E. Jackson has been promoted from assistant professor to associate professor in the department of political economy, University of Toronto.

Mr. Charles L. Jamison, secretary-treasurer of the A. M. Byers Company of Pittsburgh, has accepted a lectureship in the School of Business at the University of Minnesota. Mr. Jamison's primary interest will be in the field of business organization and management.

Professor George M. Janes, of Washington and Jefferson College, conducted two courses at Evansville College during the summer quarter.

Professor F. H. Knight, of the State University of Iowa, gave courses during the summer at the University of Chicago.

Miss Hazel Kyrk has resigned her position in the department of economics at Oberlin College.

Dean J. E. LeRossignol, of the University of Nebraska, was granted the degree of LL.D., *honoris causa*, by McGill University on the occasion of the centennial reunion on October 13.

Professor Simon Litman, of the University of Illinois, is taking a sabbatical leave of absence and is spending the winter in San Francisco, where he is engaged in the preparation of a book on foreign trade.

Professor F. E. Lumley, of Ohio State University, has been given the rank of professor of sociology at that university.

Professor H. L. Lutz, of Oberlin College, is acting as editor of the National Tax Bulletin.

Professor D. H. Macgregor, lately professor of political economy in the Victoria University of Manchester, has been elected to the Drummond chair of political economy in the University of Oxford. Professor Macgregor is the author of *Industrial Combination* and *Evolution of Industry*.

Dr. R. M. MacIver, associate professor of political economy at the University of Toronto, has been promoted to a full professorship.

Professor J. O. McKinsey has returned to residence at the University of Chicago, after a year's leave of absence which he spent as the New York manager of the firm of Frazer & Torbet.

Mr. C. E. McNeill, of the New York Transit Commission, has been appointed assistant professor of economics in the University of Nebraska.

Mr. John J. Maginnis has been appointed instructor in agricultural economics at the Massachusetts Agricultural College.

Mr. S. P. Meech has been appointed an instructor in the school of commerce and administration of the University of Chicago.

Mr. Raymond Miller has been appointed assistant in economics at the University of Southern California College of Commerce and Business Administration.

Mr. Roland M. Miller, of the University of California staff, has accepted an appointment as assistant professor at the University of Oregon.

Professor H. A. Millis has returned to full-time work at the University of Chicago. Last year he devoted the greater part of his time to duties in connection with his position as chairman of the Board of Arbitration in the Clothing Industry in Chicago.

Mr. Charles W. Mixter is now associated with the production department of the Chamber of Commerce of the United States, at Washington.

Professor H. G. Moulton, of the University of Chicago, was appointed a delegate from the Chicago Association of Commerce to the conference of International Chambers of Commerce in London the latter part of June. Mr. Moulton has been made educational adviser of the Chicago Chapter of the American Institute of Banking.

Mr. Andrew J. Newman has resigned his position as assistant professor of economics and commerce at the University of Kansas and is now in charge of the department of commerce and business at Roanoke College, Salem, Virginia.

Mr. E. L. Newmarker has been appointed associate professor of political

economy at Wake Forest University, Wake Forest, North Carolina, where he will conduct courses in banking, marketing, and foreign trade.

Mr. Saul C. Oppenheim has resigned as professor of political science in the State Teachers College, Kirksville, Missouri, to accept an appointment as instructor in economics at the University of Michigan.

Dr. Paul S. Peirce, formerly in the department of economics at the State University of Iowa and during the past two years director of educational service for the Central Division of American Red Cross, has been appointed to a full professorship of economics at Oberlin College.

Mr. Victor Pelz, last year a member of the economics faculty of the University of Minnesota, is devoting his time this year to research in marketing and organization at the University of Wisconsin.

Dr. B. M. Rastall, of the San Francisco Chamber of Commerce, is co-operating with the University of California in its work in business administration. During the present semester, under the joint direction of Dr. Rastall and Mr. Webster R. Robinson, associate in business administration, a survey of the industrial district of San Francisco is in progress for the purpose of ascertaining local business conditions.

Mr. Jay L. Reed, assistant cashier of the Federal Reserve Bank of San Francisco, is giving a course on the federal reserve system at the University of California.

Mr. T. Bruce Robb has been made associate professor of economics at the University of Missouri.

Mr. Webster R. Robinson has recently been appointed associate in business administration at the University of California.

Mr. L. C. Sorrell has been promoted to an assistant professorship in the School of Commerce and Administration of the University of Chicago.

Mr. William H. Stead has been appointed instructor in economics at Beloit College.

Mr. Wesley Sternberg, of DePauw University, is now assistant professor of economics at the University of Kansas.

Professor Arthur E. Suffern has resigned from Beloit College and is now at Columbia University.

Professor Arthur E. Swanson has been re-appointed professor of business organization at Northwestern University. Professor Swanson will continue his newly established business under the firm name of Swanson and Ogilvie.

Mr. Henry E. Sweeney is devoting this year to the field of accounting in the Extension Division of the University of Wisconsin.

Professor C. M. Thompson, dean of the College of Commerce and Business Administration, University of Illinois, has been appointed by Governor Small on the Illinois Education Commission which was created by the last general assembly to investigate and report on the public educational system of the state.

Mr. Charles H. Titus, formerly at Stanford University, is now instructor in economics and history at Whitman College.

Mr. R. W. Valentine, of the University of Illinois, has been given the rank of instructor.

Mr. Eugene Van Cleef, of Ohio State University, has been appointed assistant professor.

Professor Homer B. Vanderblue, who during the past year has been acting as director of research for the Denver Civic and Commercial Association, has returned to continue his duties as professor of transportation at the Northwestern University School of Commerce.

Professor Jacob Viner, of the University of Chicago, was granted leave of absence for the autumn quarter, during which time he served as *locum tenens* in the place of Professor Stephen Leacock of McGill University.

Mr. B. A. Wallace, formerly of the University of Minnesota, is now extension agent in marketing at Ohio State University.

Professor N. R. Whitney, of the University of Cincinnati, gave courses during the summer at the University of Chicago.

Mr. R. S. Wilcox, of the University of Michigan, has been appointed instructor in economics at the State College of Washington.

Professor J. H. Williams, formerly of Northwestern University, gave courses during the summer at the University of Chicago. Professor Williams is now at Harvard University.

Mr. E. E. White, secretary of the Industrial Commission of Wisconsin, is giving lectures and research courses on labor legislation at the University of Wisconsin.

Dr. F. E. Wolfe has been appointed associate professor of statistics and business research in the College of Business Administration of the University of Nebraska. Dr. Wolfe has been statistician with the United Typothetae in Chicago during the past two years.

Miss Helen Wright has been awarded a fellowship *in absentia* in the department of political economy at the University of Chicago. She is now at the London School of Economics, carrying on research in the labor field.

Dr. Ivan Wright, who has been instructor at the University of Illinois, has been made assistant professor.

Mr. William Zeuch has been appointed research assistant in economics at the University of Wisconsin. His field is unemployment and its relation to business cycles.

Dr. Erich W. Zimmermann, professor of commerce, James Millikin University, Decatur, Illinois, has been appointed consulting economist of the Bureau of Mines, Department of the Interior, Washington, D. C. Dr. Zimmermann will combine his duties in Washington with his work in Decatur.

Dr. Frederick S. Crum, assistant statistician of the Prudential Insurance Company of America, was accidentally drowned in the Belgrade Lakes, Maine, September 2, 1921.

Mr. William Hyde Price, formerly professor of economics at Wisconsin and Yale, and recently in the Imperial University of Japan, while on his vacation last summer in the mountains of Japan, was drowned in a mountain stream.

Professor Henry Carter Adams, one of the founders of the American Economic Association and among the most eminent of American economists, died at Ann Arbor, August 11, 1921. Born December 31, 1851, and graduated from the University of Iowa in 1874, he took post-graduate work at Johns Hopkins University, and studied for a year in Europe. Soon after his return, in 1879, he became a lecturer on economics at Johns Hopkins, Cornell, and Michigan, but in 1887 accepted a full-time position at Michigan, where he remained as head of the department until his death. In the same year he was chosen statistician to the Interstate Commerce Commission, serving until 1911, and was thus led to give a large part of his energy to problems of public control, especially as regards transportation. In this field he rendered signal service, both administrative and theoretical, and he is the author of a large number of authoritative publications. He served also as chief of the Transportation Division of the Eleventh Census, and has recently spent two years in China as adviser to the government regarding railways and finance. His principal books, aside from his writings on transportation, are *Public Debts, an Essay in the Science of Finance* (1887); *The Science of Finance, an Investigation of Public Revenues and Public Expenditures* (1898); and a brief treatise on general economics called *Description of Industry* (1918). He also published many shorter studies, some of which had a wide influence, especially his memorable essay, *The State in Relation to Industrial Action*, contributed to the Publications of the American Economic Association in 1887.

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